



سكاي نيوز

Property



Cities in the country
'People are told they face a housing crisis: they must get building'

Weekend



FAKE: Chapter 2
'The police have discovered nothing,' she said. 'Perhaps it wasn't a robbery...'

12-Page special

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FINANCIAL TIMES

JUNE 28 / JUNE 29 1997

Weekend Exclusive



Chris Patten, the parting words:
'The Empire ends here... adventure, honour, exploration, memories of twilights far from home, stories of rotters and robbers and salutes, all scattered to the winds'

Hong Kong's governor writes for the FT

Page I

Bundesbank man attacks 'toothless' Emu pact

By Peter Norman in Bonn

European economic and monetary union is "more than ever in the balance" because the stability pact agreed at last week's Amsterdam summit "lacks teeth", Mr Reinhold Jochimsen, a senior member of the Bundesbank's governing central council, warned yesterday.

In a scathing review of progress towards the single currency, Mr Jochimsen said the "ragbag" of decisions agreed at Amsterdam did nothing to correct the "lopsided construction" of Emu.

His comments come after Thursday's admission by France's left wing government, that it would be unable to reduce its public deficit to 3 per cent of gross domestic product this year, in line with Emu membership conditions set out in the 1992 Maastricht treaty. Although France stressed its commitment to launching the single currency in 1999, its failure to meet the target is likely to accentuate fears of a rift between Paris and Bonn.

Mr Jochimsen yesterday warned that Emu's "inadequate economic and political foundations" and unresolved economic policy differences between Germany and France "may lead to the disaster of political disintegration" in Europe.

The German-inspired stability pact is designed to enforce budgetary discipline for countries in the future single currency zone. Mr Jochimsen, who is presi-

Taiwan banker has a special perspective on Hong Kong's handover



Eric Lin: ancestral pride as history comes full circle

Mr Lin prepares for the raising of the red flag

By John Ridding in Hong Kong

Eric Lin no longer bears a grudge when he passes Jardine House on the Hong Kong harbour front. More than 150 years after his great great grandfather dumped the drugs of British taipans into the sea, triggering the Opium wars and the birth of colonial Hong Kong, the besuited Taiwanese banker lets bygones be bygones.

"I didn't used to have a good impression of those British companies and their opium dealing," he says. "But now it is OK. The chairman of Jardines in Taiwan is my good friend. I know the head of Jardine Securities very well."

History has come full circle for the Lins. Monday's midnight bandover, when Hong Kong returns to China, marks an emotional end of empire for the territory. But for the Lins it is also something of a family affair. As the red flag is raised Eric's mainland relatives will be part of the Chinese delegation - a mark of the respect still commanded by their forebear, Commissioner Lin Tse-hsu, aka Lin the Clear Sky, The Incorruptible.

Beneath his business banter, Eric displays a strong streak of ancestral pride. But he also demonstrates how China's diaspora has overcome political divisions. A frequent visitor to the mainland and to Hong Kong, he feels a strong sense of Chinese identity, which has grown with the approach of the handover. "When I first went to Hong Kong in 1983 I had to speak English, because I did not speak Cantonese," he says. "But now most people understand Mandarin."

For Mr Lin, as for many Chinese, Hong Kong's return closes a dark chapter and rights a historical wrong. "It was a dishonourable war," he says. "It might also, he hopes, point the way to reunification with Taiwan. "If China keeps its promises for Hong Kong then it is a very important example," he says. "If they don't then Taiwan is in for a big shock. It would mean there could be no peaceful reunification."

Such considerations strike a chord, not just because his ancestor played a role in one of China's schisms. The Lins themselves have been divided by upheavals on the mainland. Eric's father moved to Taiwan in 1946 before the Communist victory in China's civil war, leaving many relatives behind.

The Lin clan now counts several hundred members, spread through several continents. Many have achieved prominence. Eric's cousin was China's first ambassador to the UN - now retired in Beijing. He was consulted over a film on the Opium War, a lavish epic released to coincide with Hong Kong's handover.

With the easing of travel restrictions across the Taiwan Strait it has been easier to keep in contact. A Lin clan reunion was staged last year in Fuzhou, the capital of Fujian province, where a Lin is deputy mayor. Eric has been to the mainland some 80 times, passing through Hong Kong on his travels.

In China, Eric receives a warm welcome - courtesy of his heroic ancestor. "They are very respectful, so it is easy to make friends," he says. In Taiwan, however, Commissioner Lin is less well-known - despite an attempt to make him an icon for an anti-smoking campaign. "I felt very uncomfortable about that," says Eric. "It was a lack of respect."

China to send 4,000 troops, Page 4; Motor for mainland modernisation, Page 6; Markets, Page 21; The empire ends here, Weekend FT Page 1

Bangkok tells 16 finance houses to merge

By Our Foreign Staff

The Thai authorities yesterday suspended the operations of 16 ailing financial companies and ordered them to merge - the first attempt yet to clean up Thailand's troubled financial sector.

The companies were asked to suspend operations immediately for 30 days. They were given two weeks to come up with merger plans. If they fail to do so, their business licences will be revoked and they will be forced into mergers with healthier firms.

The list of suspensions includes Finance One, which used to be the country's largest finance company.

"The package is a part of measures to strengthen the sector. I am confident that, the measures that we launched and will implement are in the right direction," said Mr Rerugchai Marakanond, governor of the Bank of Thailand. "I believe it will restore foreign investor confidence in Thailand."

Earlier this week, the central bank declined to subscribe to a rights issue by Finance One, signalling that the authorities were no longer prepared to provide unlimited support for cash-strapped financial institutions.

The Thai cabinet has just approved four emergency decrees to remove obstacles to mergers between troubled and healthy finance companies.

Thai stocks, which rallied early in the day on foreign buying, dropped back after the merger news. Investment analysts gave a cautious welcome to the move, but warned that it could start a chain reaction, resulting in a second wave of forced mergers.

The financial crisis deepened early this year when the PTT bank pushed up interest rates to protect the baht in response to inflated property prices and a high current account deficit.

World stocks, Page 21

Battle for Gazprom


Russian prime minister Victor Chernomyrdin is challenging reformist ministers who are trying to take control of Gazprom, the world's biggest natural gas producer and Russia's most profitable company. Mr Chernomyrdin, who once ran the natural gas giant, is backing controversial businessman and politician Boris Yeltsin to join the Gazprom board at a shareholder meeting today. This would scupper the efforts of first deputy prime minister Anatoly Chubais to appoint his loyalists to the Gazprom board. Page 3

Japan on the right roads: Japan's economy is on a path to recovery but has not gathered sufficient strength to enable the central bank to raise interest rates, officials said after unveiling a mixed bag of economic data. Industrial production surged 3.8 per cent in May after three consecutive monthly declines, exceeding predictions of 2.7 per cent. The rise is attributed to increased exports. Page 4

Murdoch rails at regulators: Free enterprise is being hindered by the growth of "neo-socialism" among regulators and bureaucrats, according to media magnate Rupert Murdoch. The travails of the US tobacco industry, British apple growers, News Corporation's Fox News channel and Australian cattle ranchers all stemmed from this source, the News Corporation chairman said. Page 2

The untouchable president: In the village of Uzhavoor in Kerala, southern India, the low-caste "untouchables" smile at the progress of their former neighbour Kocheril Raman Narayanan. Next month, as sure as coconuts grow in Kerala, Mr Narayanan will become India's 11th president and the first from the low-castes described by Mahatma Gandhi as *harijans* - God's Children. Page 7

Man in the News



Robert Ayling
British Airways chief executive Robert Ayling is a high-flyer whose credo of change and cost-cutting helped reap handsome profits for an airline once seen as a national disgrace. But he risks being grounded by two disputes that threaten a summer of turbulence.
Michael Skapinker, Page 7

Roller-coaster recovery

US stocks rocketed yesterday after a roller-coaster week, boosted by a strong bond market, a growing belief that the Fed will not raise rates next week and by portfolio adjustments ahead of the second-quarter close, analysts said. The Dow Jones Industrial Average rose 104 points, or 1.36 per cent, to 7,758 after a choppy morning session. The benchmark US Treasury bond, whose recent softness unsettled stocks, was up 14/32 to yield 6.75 per cent. The Nasdaq posted smaller percentage gains but was up around five points at 1,442. Wall Street, Page 21; World stocks, Page 20; Currencies, Page 9

Zurich acquires Scudder for \$1.76bn: Zurich, the financial services group built around the Zurich Insurance company, has acquired US fund management firm Scudder, Stevens & Clark for an estimated \$1.76bn. The deal will make Zurich one of the top ten US mutual fund managers. Zurich is paying \$967m in cash and injecting Zurich Kemper Investments, its Chicago-based fund management business, to form Scudder Kemper Investments. Zurich has valued its Kemper fund management business at about \$800m. Page 24

Shareholder power in Japan: Nomura, Japan's largest securities company, used its annual general meeting to tell shareholders it was considering suing some former executives for their alleged role in a recent corporate scandal. It was one of 2,335 signs in the country's traditional corporate blitz - but in spite of attempts at atonement, the mood of Japanese shareholders remains angry. Page 4

Rebellion depresses shares: The price of shares in Storebrand, the Norwegian insurer, and Christiania Bank slid after a shareholder rebellion at Storebrand stopped a merger between the two companies. Storebrand was down NKR2.60 to NKR44.50 (\$57.85) while Christiania Bank 30 ore to NKR24.90 at the close. Page 23; World stocks, Page 20

Carlsberg-Bass deal blocked: An agreed takeover designed by Danish brewer Carlsberg and its UK rival Bass to create Britain's biggest brewer was blocked by the UK government on competition grounds. Industry minister Margaret Beckett ordered them to unwind a two-stage deal that would have combined their UK breweries in a joint company, controlled by Bass, with 37 per cent of the UK beer market. Page 24, with Lex: London stocks, Page 20

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NEWS: INTERNATIONAL

Government still gets to tell us what to do, complains News Corp chief

Murdoch rails against regulators

By Christopher Parkes
in Los Angeles

Free enterprise is being hindered by the growth of "neo-socialism" among regulators and bureaucrats, according to Mr Rupert Murdoch.

The travails of the US tobacco industry, British apple growers, News Corporation's Fox News channel and Australian cattle ranchers all stemmed from this source, the News Corporation chairman said on Thursday night.

Career politicians, even educators, also had a hand in the mechanisms which were destroying the concepts of freedom of choice and individual responsibility.

"If socialism is dead, why won't it lie down? If we are living in a free enterprise

paradise, why can't I get my Fox News on more cable systems?" he asked.

"Socialism is alive and well, and living in regulatory agencies," he replied.

Mr Murdoch, who is trying to close at least three US television industry transactions, and has been the subject of intense scrutiny by the Federal Communications Commission and Washington law-makers for the past few months, launched his neo-socialist theory in a dinner address to a meeting of US chief executives, gathered in Los Angeles for a conference arranged by Forbes magazine.

"The growth of regulation has given enormous control to government," he said. "Socialism has effectively reinvigorated itself."

The basic elements of

doing business - "hiring, firing, buying, selling" - had been made vastly more complicated in the past 20 years. Farmers the world over had to spend one day a week filling in forms. In the US farmers were now outnumbered by the administrators to whom they were answerable, he added.

Mr Murdoch, a part-time cattle rancher and a non-smoking member of the Philip Morris tobacco group board, also attacked the "classic media feeding frenzy" which had driven the US cigarette industry into a multi-billion-dollar settlement to fend off further legal actions.

But the assault on tobacco was above all an "encroachment of the nanny state" which insisted individuals could not be trusted to take decisions for themselves, he

claimed.

Neo-socialism was being advanced under the deceiving banner of equity and fairness, yet "government still gets to tell the rest of us what to do."

Enterprise was also at risk from regulation through litigation, Mr Murdoch charged. Trial lawyers pursuing class action suits against companies had adopted the role of private vigilantes enforcing neo-socialist writ.

But the main drivers were members of the "new class" that lived off government: career politicians, government bureaucrats, teachers and other self-interested groups who "want to see the nanny state because they are the nannies."

Mr Murdoch pinpointed the European Commission as a "quintessential neo-class creation" and the alleged

bureaucratic barrier to the sale of under-sized British Cox's Orange Pippin apples and the manufacture of Caerphilly cheese in its Welsh home town.

But he also detected weaknesses in the neo-socialist vanguard. The phenomenon was prone to economic breakdown, he said. "If a farmer is filling in forms, he can't be out tending his cattle."

And Mr Murdoch had learnt a useful lesson as a boy in Melbourne during World War II, when he heard of the fall of Singapore to Japanese land invasion. "Singapore's guns faced out to sea because no-one imagined an overland attack."

"All of us who believe in private enterprise should make sure our guns face the right way," he advised.



Murdoch at the Forbes conference: "If socialism is dead, why won't it lie down?"

Clinton promises action on climate

By Michael Littlejohns,
United Nations
correspondent in New York
and George Parker in
London

President Bill Clinton yesterday promised a strong US commitment to binding limits on greenhouse gas emissions when the issue goes to an inter-governmental conference in Kyoto in December.

But he failed to respond to European calls for specific carbon dioxide reductions.

Acknowledging that most citizens and many major industries in the US were unconvinced about the seriousness of the threat, he told the United Nations environment summit he would call a White House conference prior to Kyoto to try to convince them of a "real and imminent" problem.

The UN session, convened to review follow-up measures by governments to the first Earth Summit at Rio de Janeiro in 1992, was due to end early today with a declaration reaffirming environmental goals.

The UK, which criticised the US for a lack of commitment to tackling global warming earlier this week, said yesterday it was encouraged by Mr Clinton's speech.

Mr Michael Meacher, environment minister, said the speech marked a significant shift in US attitudes after recent negative statements.

"We are now seeing a much more positive addressing of the real issues," said Mr Meacher.

Mr Clinton's renewed backing for the principle of legally binding targets to reduce greenhouse gases.

Brash's comments prompt stocks rally and fall in interest and exchange rates

NZ bank governor endorses budget

By Terry Hall in Wellington

New Zealand's Reserve Bank Governor, Mr Don Brash, yesterday gave his seal of approval to the coalition government's first budget in a move which led to immediate falls in interest and exchange rates, and a 33-point rally on the stock market.

The Treasurer, Mr Winston Peters, argued strenuously in his budget on Thursday that he was setting the scene for a return to strong economic growth through a combination of higher social spending while keeping a tight grip on state spending.

The market's failure to

respond was in part due to a sudden deterioration in the forecast budget surplus for the 1997-1998 financial year from a Treasury estimate of NZ\$3.3bn just three months ago to NZ\$1.5bn. The markets were unsure how Mr Brash would respond.

Delivering his verdict yesterday morning, Mr Brash effectively endorsed the government's plans to reinvest the economy. He said he was sanctioning an easing in monetary policy by accepting recent falls that had occurred in both the currency and interest rates. However he made it clear that he did not wish to see rates fall much further.

Mr Brash defended the Reserve Bank's monetary stance which some critics say is too harsh and is damaging the economy. He said that since the Reserve Bank was given its independence in setting monetary policy in 1989 the New Zealand economy had grown virtually without interruption, with the present trough in the cycle likely to show growth of 2 per cent.

Mr Brash said the outlook for inflation was "pleasingly low." He said the bank was anticipating a decline in real inflation to 1 per cent in the year to next March and that it would remain at that level to 1999. "This should really convince New Zealanders

that low inflation is now the norm, not some temporary aberration. As that is accepted, we will see real interest rates move closer to those in other low inflation countries."

Yesterday's statement was significant as the bank unveiled its new "Monetary Conditions Index" (the MCI) which it will use to indicate to financial markets precisely how firm monetary conditions should be. The MCI represents a combination of both interest and exchange rates. Previously the bank conveyed its views on likely monetary conditions by concentrating on expected inflation outcomes. The new index began at

825 yesterday, representing a fall of 100 points over the rate that would have been recorded when the last policy was set six months ago. As a rough guide Mr Brash said he would expect actual monetary conditions to move within a range of plus or minus 50 points from desired in the weeks immediately following the release of a Reserve Bank projection.

The budget unveiled a three-year NZ\$5bn (US\$3.5bn) programme of extra spending on health, education and other social spending initiatives while continuing to concentrate on the economic reform approach followed by successive governments since 1985.

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INTERNATIONAL NEWS DIGEST

France keeps Nato distance

The prospect that France will return to the military wing of Nato at next month's Madrid summit receded further yesterday when the foreign ministry said the time was not yet ripe. The ministry emphasised that the final decision would be taken by Mr Jacques Chirac, the Gaullist president, but said that conditions set by France did not "seem to be fulfilled".

Mr Chirac has set as a condition for rejoining the military wing, which France left 31 years ago under General Charles de Gaulle, that the US relinquish to a European officer Nato's Naples-based southern command, including the US Sixth Fleet. Washington has rejected the French condition.

David Owen, Paris

Bonn hopeful on Eurofighter

Mr Volker Rühe, Germany's defence minister, said yesterday "the signs are showing green" for the Eurofighter, the four-nation defence project which is still awaiting the go-ahead from the Bonn government. A final decision has to be reached by a cabinet meeting planned for July 11, but could come as early as next week. The defence project also involves the UK, Italy and Spain.

The Eurofighter financing depends on the outcome of talks between Bonn and Daimler-Benz Aerospace (Dasa), the German industrial partner in the project. Dasa has offered to help fund Eurofighter by bringing forward the repayment of DM1bn of launch aid received for the development of Airbus airliners.

Ralph Atkins, Bonn

US growth upgraded

The US economy expanded at an even faster rate than previously estimated in the first three months of the year. Gross domestic product grew at an annual rate of 5.9 per cent, revised up from a previous estimate of 5.8 per cent, the Commerce Department reported yesterday.

The economy's rapid expansion at the start of the year prompted the Federal Reserve to raise short-term interest rates in March for the first time in two years to cool off potential inflationary pressures.

But the pace of growth in the three months to the end of June is likely to have been much slower - possibly an annual rate of 2.25 per cent. That should be enough of a deceleration to persuade the Fed to keep rates on hold again when its policy-making open market committee meets next week.

Gerard Baker, Washington

EBRD chief steps down

Mr Jacques de Larosière is to leave his post as president of the European Bank for Reconstruction and Development at the end of January next year. Mr de Larosière, 67, a former managing director of the International Monetary Fund, said he had decided for personal reasons not to accept the offer from EBRD shareholders to take on a second term, when his present four-year period of office ends in September. His wife was injured in a serious traffic accident 18 months ago.

Kevin Done, East Europe Correspondent

Court hits at gun control

The US Supreme Court yesterday struck down an important part of the Brady gun-control law requiring that local sheriffs conduct background checks on prospective handgun buyers. The court by a 5-4 vote ruled that Congress exceeded its power by imposing the requirement under the 1993 law that triggered a political battle and strong opposition from the powerful National Rifle Association gun lobby.

Reuter, Washington

Ruling favours Danish PM

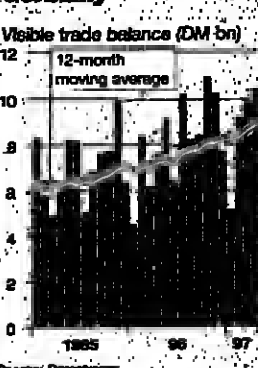
A Danish district court yesterday found the country's prime minister, Mr Poul Nyrup Rasmussen, not guilty of flouting Denmark's written constitution when he put his signature to the Maastricht treaty.

The case was brought by 10 citizens who are opposed to Denmark's membership of the EU. They claimed that more sovereignty was devolved to the EU by the treaty than the constitution allows. The case will now go on appeal to the Supreme Court.

Hilary Barnes, Copenhagen

ECONOMIC WATCH

German trade surplus grows



Germany's trade surplus widened to DM10.4bn (€6bn) in April from DM9.8bn in March and from DM7.7bn in April 1996, according to provisional figures from the Federal Statistics Office. Germany had a current account surplus of DM2.5bn in April, compared with a surplus of DM2.9bn in March, and compared with a deficit of DM1.3bn a year earlier, the office said. Exports rose to DM73.4bn in April from DM70.4bn in March and DM70.4bn in April last year.

The balance of invisible trade showed a deficit of DM3bn in April, compared with a deficit of DM3.7bn in March and a deficit of DM4.3bn in April last year. Transfer payments recorded a deficit of DM4.5bn in April, wider than a deficit of DM4.5bn in March and a deficit of DM5.4bn a year earlier, in the four months to April, the surplus widened to DM34.7bn from DM26.8bn a year earlier, while the current account deficit increased to DM5.9bn from DM3.8bn.

AFX, Wiesbaden

EU keeps door open to new members

By Gordon Cramb in Amsterdam

The 12 countries seeking to join the European Union hid their disappointment yesterday at its failure to agree the reforms necessary for enlargement, after EU leaders assured them that the muddled outcome of this month's Amsterdam summit would not slow the process.

Hosting a meeting of heads of government from 10 eastern European candidate nations plus Cyprus and Turkey, Mr Wim Kok, Dutch prime minister, said: "Enlargement enjoys a high

political priority, and its speed is not affected at all by the fact that the Union still has to resolve some institutional problems."

Mr Włodzimierz Cimoszewicz, his Polish counterpart, said: "I would have preferred it if all the internal EU problems had been solved, but that should not be any obstacle to starting negotiations."

Mr Cimoszewicz said he would meet the leaders of Hungary and the Czech Republic to co-ordinate their approach on accession talks with the EU, expected to start early next year. The three countries, expected to

be among the first entrants, will also discuss their role in Nato after President Bill Clinton announced them as the most likely to be invited to join the defence alliance at its meeting in Madrid next month.

The European leaders were gathered in the Dutch capital where 10 days ago the EU's 15-month intergovernmental conference on the future structure of the EU concluded without resolving issues such as the weighting of votes among a bigger membership.

Mr Kok, who next week bands the EU's rotating

presidency to Luxembourg, urged member states to seek progress on such questions in the next few years.

"If countries are ready to proceed to accession at a certain point, it would not be on if the EU delayed the process because it had not completed its own arrangements. That would be a slap in the face for these countries," he said.

Mr Jacques Santer, European Commission president, declined to indicate a timetable for enlargement but insisted there would be "no exclusion, no limit on the number of new members"

imposed merely because the Brussels machinery had not yet been overhauled.

The Amsterdam summit made room for five new members by agreeing that larger countries in its current composition would not have to give up one of their two European Commission seats in a union of up to 20. Beyond that number, representation on the Commission would have to be reviewed.

However, no further clarity emerged yesterday about the size of any first wave of entrants. While decisions would be based on objective criteria, Mr Santer said.

"each country is different".

In mid-July the Commission is due to submit its opinions on candidates' eligibility. Turkey will remain off the list for human rights reasons although, as Mrs Tassou Ciller, deputy prime minister in the outgoing coalition, pointed out, it was the longest standing applicant and alone in operating a comprehensive customs union with the EU.

Mr Vladimir Meciar, Slovakia's premier, described as "our fault" his government's apparent inability to convince western Europe of its fitness for the EU.

Ministers fight over Gazprom role

By Christy Freehand and John Thornhill in Moscow

Mr Boris Beresovsky, one of Russia's most controversial businessmen and politicians, is seeking to join the board of directors of Gazprom, the world's biggest natural gas producer.

Several senior politicians and business figures said Mr Beresovsky's effort had the support of Mr Viktor Chernomyrdin, the prime minister. If he backs Mr Beresovsky's move at a shareholder meeting today, a fierce battle is likely to break out within the cabinet.

Backing Mr Beresovsky would put Mr Chernomyrdin in open opposition to Mr Anatoly Chubais, a first deputy prime minister and architect of market reform, who is seeking to appoint a slate of his own loyalists to the Gazprom board.

The clash has prompted some leading actors in the drama to make a series of unplanned flights between Moscow and Beijing, where the prime minister and a government delegation are

on an official visit. Mr Boris Nemtsov, a leading government reformer, yesterday cut short his stay in China to make an appearance at today's Gazprom meeting. Earlier in the week Mr Beresovsky flew to Beijing to press his case.

When Mr Boris Yeltsin, the president, brought a new team of reformers into the cabinet this spring, Mr Chernomyrdin, a Soviet-era industrial manager, surprised many observers by seeming to go along with his youthful deputies. But a senior figure in the cabinet reform team and a Moscow banker close to the prime minister both said that Mr Chernomyrdin changed course this week.

"Beresovsky has convinced Chernomyrdin to fight against the young reformers," a senior Moscow banker said. Mr Chernomyrdin has not openly revealed his hand yet and Gazprom insisted it would strictly observe its own regulations governing the election of board directors.

Plea for peaceful poll in Albania

By Guy Dinmore in Tirana

Western leaders urged Albanians yesterday to put down their guns and vote peacefully in parliamentary elections tomorrow but fears remained that violence and lawlessness would lead to a low turnout.

President Sali Berisha's Democratic party and the rival Socialist party both predicted victory at their last campaign rallies in central Tirana.

Diplomats doubted Mr Berisha's centre-right coalition would win a majority in the 145-seat parliament, but said it was possible the president could reject results from the south of Albania, where armed gangs have made it impossible for his party to campaign freely.

The Democratic party's general secretary, Mr Genc Follo, condemned what he called an attack by criminals affiliated to the Socialists on a Berisha rally in the southern town of Lushnja on Thursday. Eight people were wounded in a shootout between the president's



A girl shouts Socialist slogans from atop her father's shoulders at a Tirana rally

bodyguards and armed men. "Violence only creates more violence as hatred breeds hatred," Mrs Marisa Lino, the US ambassador to Albania, said in a message broadcast on state television. "In the spirit of reconciliation all should put down their guns and pick up their ballots to vote."

Mr Madeleine Albright, the US secretary of state, also broadcast an appeal to Albanians to go to the polls peacefully. The US is keen to be seen as neutral in the elections, after openly backing Mr

Berisha's party in the 1992 polls that brought him to power. The Democrats won a landslide victory in May 1996 elections marred by cheating and intimidation.

Some 500 monitors from the Organisation for Security and Co-operation in Europe (OSCE), guarded by soldiers from a 7,000-strong European multinational force, fanned out across Albania yesterday to try to prevent a repeat of last year's fraud.

But with 4,525 polling stations, the OSCE admits it cannot be everywhere, espe-

cially after darkness falls and the counting begins.

The central authorities lost control last March of most of southern Albania, and parts of the north, during a mass insurrection sparked by the collapse of fraudulent pyramid schemes in which many people lost their life's savings.

Many Albanians appear unsure how to vote - angry at the Democrats for backing the failed pyramid schemes, and mistrustful of the reformed Communists who now make up the Socialist party.

EU joins battle over Spanish media laws

By Tom Burns in Madrid

The long battle between Spain's centre-right government and Prisa, the leading domestic media group, took on serious legal implications yesterday when the group's chairman, Mr Jesus de Polanco, was indicted on fraud charges and the government fell foul of the European Commission for

legislating against Prisa's business interests. Mr de Polanco, whose group owns El Pais, Spain's best-selling newspaper, and Cadena Ser, the top radio network, paid surety of Pta200m (\$1.38m) to avoid

being remanded in prison after a Madrid investigating judge levelled charges of criminal business malpractice by Sogetable, a Prisa unit.

"The law courts are being used to cast criminal suspicion over a press group that the government considers hostile," a spokesman for Prisa said. "This is a political issue from beginning to end."

The European Commission earlier issued a letter of formal notice to the Madrid government on the grounds that it had violated safeguards on free movement of goods and services within

the EU by seeking to restrict the start-up of Sogetable's digital broadcasts.

The Commission's letter marked the first stage of formal proceedings against the government for infringing European legislation, and constituted the first major clash between Madrid and Brussels on single market rulings. The government, accused of illegally banning decoders sold by Sogetable, faces action in the European Court of Justice if it fails, within 15 days, to amend its legislation on digital decoders or is unable to explain the ban to the satisfaction of Brussels.

By Neil Buckley in Luxembourg

European Union employment ministers agreed yesterday on new rules shifting the burden of proof in sex discrimination cases - one of the few pieces of legislation so far introduced under the social chapter of the Maastricht treaty.

Defendants, or employers, will now have to prove that they did not discriminate against an employee on the basis of sex, rather than the employee having to prove that discrimination took place. EU states have until January 1, 2001, to intro-

duce the legislation, or adapt their own laws.

Yesterday's was the first social chapter debate in which the UK's new Labour government had taken part, after announcing in May it was ending the British opt-out from the chapter.

Mr David Blunkett, UK education and employment secretary, said the UK would now participate fully in all social chapter initiatives, although it has up to two years after the signing of the new EU's new Amsterdam treaty agreed last week in Amsterdam - expected in the autumn - to complete the legal formal-

ties involved.

Officials said the directive on sex discrimination was needed to make EU laws more effective and to ensure they were consistent.

Mr Padraig Flynn, ECU affairs commissar, said the rules were "another step forward for equality".

But the commissioner was not entirely happy with the final text. He had backed amendments proposed by the European Parliament - but rejected by ministers - that would have extended the law's scope to legal action concerning discrimination in social security cases.

Turkish soldiers say they are gaining the initiative in the war in the south, reports Kelly Couturier

Kurdish rebels send teenagers to war

Clad in T-shirts, jeans and tennis shoes, the prisoners sat in a row in a hot airport hangar in southeastern Turkey. The Turkish soldiers identified them as Kurdish guerrillas. What was most noticeable about them was that they were mainly young women, some barely in their teens.

Naci Ibrahim, a slight 14-year-old, said she had been captured a week ago in Turkey's Cudi mountains, during the latest Turkish army offensive against the Kurdistan Workers Party (PKK), the Marxist insurgent movement. The offensive began with a cross-border operation, involving tens of thousands of troops, against PKK camps in northern Iraq, and spread out as Turkish forces tried to flush out rebels fleeing into Turkey.

The young women, clearly intimidated by the military presence,

around them, had little to say about themselves and spoke mostly in monosyllables. But analysts of the 13-year-old Kurdish war say the PKK has indeed recruited ever younger fighters as its losses have mounted in the last two years and the Turkish military has steadily gained the initiative.

A military spokesman in Diyarbakir said the six-week-old offensive was winding down, but that a "sufficient number" of combat and support units had stayed behind to aid an Iraqi Kurdish faction that has allied itself with the Turks to assume control of the border region.

The spokesman, Colonel Suleyman Canpolat, said that 1,912 PKK guerrillas and 133 Turkish troops had been killed in the operation.

Speaking through an interpreter, Miss Ibrahim, one of nine Syrian

nationals among the prisoners, said she had joined the PKK in 1996 and received political and military training at a PKK camp in northern Iraq, where the guerrillas have bases from which they launch attacks into Turkey.

Turkish military officers accompanying the prisoners said testimony given by Miss Ibrahim and other captured Syrian nationals supported Turkey's accusations that Syria shelters and aids the PKK. Another army spokesman, Colonel Husnu Dag, blasted Syria and Greece, accusing them of providing shelter as well as military, medical and logistical support for the guerrillas. Iran, Armenia, Cyprus, Bulgaria and Serbia also aid the rebels, the spokesman asserted.

The military, which has been given carte blanche in Ankara's

war against the PKK and has played an increasingly dominant role in Turkish policymaking during the continuing government crisis, has stepped up such accusations against its neighbours in recent weeks, signalling a growing frustration among the top brass with the continued presence of rebels across Turkish borders.

Military officials said Turkey reserves the right to re-enter Iraq, which it has done several times in the past years, to hunt down the PKK if needed. Turkey has long complained that the lack of central government authority in the Iraqi Kurdish enclave, which is monitored by Turkish, US and British aircraft, has enabled the PKK to dig in and set up their camps near the border.

The allies banned Iraqi troops from the Kurdish enclave after the

Gulf War to protect the Kurdish population. Subsequent fighting by rival Iraqi Kurdish factions that control the enclave resulted in a breakdown of authority which allowed the PKK to flourish, according to Turkish officials.

Critics of the Turkish operation say the repeated cross-border offensives point to the failure of Ankara's military approach to its Kurdish conflict. "The Turks have focused on a cross-border military solution to their Kurdish conflict," said one Arab diplomat, "when they haven't been able to solve the Kurdish problem at home."

"Why haven't Turkey's Kurds been given the right to Kurdish-language schools, newspapers and broadcasts? Turkey should try another way of solving the problem than telling other countries what to do," the diplomat said.

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NEWS: INTERNATIONAL

Patten hits at China's troop plans

By John Riddling
in Hong Kong

China will send 4,000 troops into Hong Kong by land, sea and air just hours after it resumes sovereignty over the territory at midnight on Monday, Hong Kong's government-in-waiting announced yesterday.

The news prompted a strong reaction from Mr Chris Patten, the departing governor, who condemned the deployment of armoured vehicles through urban areas.

"It doesn't sound to me the right sort of signal to send to the international community and it is a most appalling signal to send to the people of Hong Kong," he said.

Britain would make representations in an attempt to reverse the decision, the governor added.

Yesterday's exchange marked a final spat between Mr Patten and Beijing and follows a series of clashes over arrangements for the stationing of troops from the People's Liberation Army in Hong Kong.

Earlier this month, Britain and China resolved a dispute over the dispatch of 500 armed troops to Hong Kong ahead of the handover.

Officials in the post-handover administration accused Mr Patten of over-reacting.

They said the deployment was necessary to ensure China's defence of the territory and was in line with previous British military practice. The armoured personnel carriers would go straight to their barracks, said a spokesman for the future administration.

According to yesterday's announcement, the 4,000 troops would represent the



A Chinese dragon floats above a promenade in Hong Kong's handover celebrations

main element of the future Chinese military garrison in Hong Kong.

There are already some 200 troops in the territory, with the 500 extra soldiers agreed this week set to arrive a few hours before the midnight handover on Monday night.

The main body of the garrison, which will include 10 patrol boats, 21 armoured

personnel carriers and six helicopters, will cross the border at 6am on Tuesday morning.

The presence of a PLA garrison is one of the most sensitive areas of the transition. China sees the dispatch of a substantial garrison as an important symbol of sovereignty, but memories of the army's role in the 1989 suppression of pro-democracy

protests in Beijing has prompted concerns in the territory.

Mr Patten warned that the timing of the arrival and the presence of armoured cars would send a bad signal during the handover.

"The arrival of the armoured personnel carriers will more or less coincide with the evening network news in the US," he said.

Shareholder power silences Japan's corporate racketeers

By Gillian Tett in Tokyo

Nomura, Japan's largest securities company, yesterday told a tense and packed shareholder meeting that it was considering suing some former executives for their alleged role in a recent corporate scandal.

The move, highly unusual in Japan, marks a new attempt by Nomura to present a cleaner image, after revelations of links with racketeers.

Nomura was one of 2,335 Japanese companies which held annual general meetings yesterday, in the country's traditional corporate blitz. But in spite of various attempts at atonement, the mood of Japanese shareholders was distinctly angry.

At Dai-ichi Kangyo bank's meeting in Tokyo, Mr Shozo Tsuchiya, a former salaryman and shareholder, declared: "I am very upset about all the scandals in this country. I have never been to a shareholders' meeting before, but this time I came to hear what the management had to say."

Prosecutors are investigating DKB for its own racketeering scandal, and yesterday started questioning its former chairman, Mr Tadashi Okada.

In the face of such public anger, Japanese companies yesterday tried to show they had cut their links with the "sokaiya" racketeers at the heart of the scandals.

Sokaiya have traditionally demanded money from companies in exchange for not asking "embarrassing" questions at shareholder meetings.

Nomura posted its proceedings on the internet to show they were sokaiya free. DKB invited the press to watch the meeting for the first time through closed circuit TV, and its company executives self-consciously answered a series of questions something that directors have often avoided in Japan.

As a result, the DKB meeting lasted 90 rather than the usual 30 minutes.

Meanwhile, in a record three-hour meeting at Nomura, Mr Junichi Ujita, explained how the company would change its structure and sue former directors found guilty of misconduct. This could include Mr Hideo Sakamaki, the former president.

But if the sokaiya were silent so were the large corporate investors - most questions appeared to come from individual shareholders - and most of the other meetings remained closed to the press.

Many shareholders were de facto excluded as well. Japanese companies traditionally call their meetings on the same day to thin out sokaiya attacks. But the number held yesterday reached a new record.

Mr Akira Yakuwa, a DKB shareholder and owner of a fledgling computer company said: "I was encouraged by the DKB meeting, but holding the meetings on the same day stops shareholders going to more than one. I think we need to change the whole system," he added. "When I find my own company I will call the meeting on different day."

PNG voters ask: Why are we no richer?

Unrest is leading to election upsets, writes Nikki Tait

Billboards stretch the length of the sports stadium serving as official tally room in Papua New Guinea's fifth general election. Splayed across them are more than 2,300 name-tags, a sea of candidates vying for 109 parliamentary seats.

To date, only a handful of results are chalked up from the voting, which began two weeks ago and ends today. But already there are signs that the "land of the unexpected" is about to live up to its reputation, as an indignant electorate tosses out familiar political faces.

This is democracy, PNG-style. As in the four previous votes since independence, electioneering has been rumbustious. Western-style politics has meshed with the traditional *wanank* (clan) system, turning political rallies into opportunities for dancing, feasting and "sing-sings".

Despite "grog-bans" and curfews, sporadic violence has erupted. Several candidates have died since being nominated. One was kidnapped and then released.

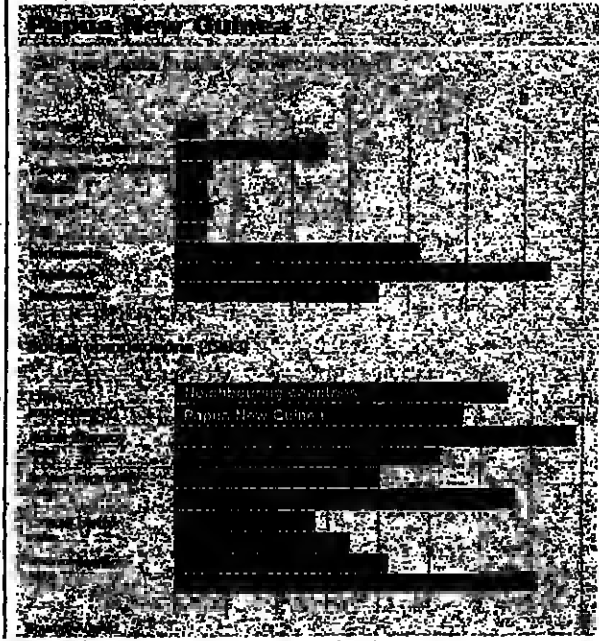
Amid the tumult, changes being thrown up by this ballot look more far-reaching than usual. Across the country, there seems to be dismay that exploitation of PNG's rich resources base has failed to generate economic progress. Much of the blame has fallen on politicians' shoulders.

"At independence in 1975, there was just Bougainville" - home to the now mothballed Panguna copper mine - says Sir Mekere Morauta, former governor of the Bank of Papua New Guinea and one of the few election candidates to have already secured a seat. "Now, there is oil and other mines. People are asking: Where's all the money gone, when we are no richer?"

Early election results seem to confirm that voters have taken these grievances to the ballot box. In Port Moresby, the country's capital, for instance, all three seats have gone to newcomers.

Two factors are probably responsible. First, the poll comes after intense economic strife, with the World Bank insisting on reforms in return for emergency loans.

Building up alternatives to the volatile resource sector is fraught with problems. Private investment tends to be deterred by the high cost of doing business in PNG.



Japan's unsteady step on road to recovery

By Owen Robinson in Tokyo

Japan's economy is on a path to recovery but has not gathered sufficient strength to enable the central bank to raise interest rates, officials said yesterday after unveiling a mixed bag of economic data.

Japan's industrial production surged 3.8 per cent in May from the previous month after three consecutive monthly declines, exceeding the government's prediction of 2.7 per cent, according to the ministry of international trade and industry. Economists attributed the rise to a marked increase in exports.

However, the ministry said it expects June production to fall 2.6 per cent before rebounding with a 0.9 per cent rise in July. The predicted June decline brings projections for total indus-

trial output in the April-June quarter down 0.3 per cent from the previous quarter. This would still represent an annual increase of 6.5 per cent, and indicates that manufacturers are recovering from the negative impact of the April 1 sales tax increase from 3 to 5 per cent, a MITI official said.

But private consumption remains weak, according to figures published yesterday showing that May sales at Japan's large retailers fell by 3.3 per cent from a year earlier, after dropping 7.9 per cent in April immediately after the sales tax increase.

Overall retail sales, including department stores and supermarkets, fell 1.8 per cent in May to ¥11,541bn (\$101bn).

At the same time, the consumer price index advanced 1.9 per cent in May from a year earlier to 102.4 as a

result of the April 1 sales tax increase.

Unemployment worsened to May, rising 0.2 of a point from the previous month to match the record high in May and June last year.

The May industrial output data reinforced the unexpectedly strong results of this week's Bank of Japan quarterly "tankan" survey of business confidence. The survey, regarded as a vital monetary policy determinant, showed that the key diffusion index of business conditions among leading manufacturers surged to 7 from -1 predicted in the previous survey in March.

While the main manufacturing sector is clearly gathering strength, economists rule out an imminent increase in interest rates, noting that other sectors of the economy have not yet sufficiently recovered.

how to spend it

How did Edwina Currie learn the art of living - and lunching - in the Loire Valley? Why are consumers getting trampled in the battle of the big brand sports shoe? What dark secrets lurk behind designer sunglasses? And why does it take a second car to reach the inner man?

Find out in **how to spend it** magazine, Colour Supplement of the Year in the 1997 Newspaper Awards, published next Saturday with the Weekend FT.

Opposition party leader says vital interests 'surrendered' at Amsterdam

Conservatives seek vote on EU

By James Biltz in Perth

Mr William Hague, leader of the opposition Conservative party, yesterday demanded that the Labour government hold a referendum on the Amsterdam treaty signed with the UK's European partners this month. He claimed the document had "surrendered" some of Britain's vital interests.

In a surprise move that underlined the Eurosceptic character of the new Conservative leadership, Mr Hague said there could be "no excuse for not putting the Amsterdam treaty to the electorate", given Labour's belief that the British people should be consulted on matters of constitutional

importance. In his first keynote speech since winning the leadership last week, Mr Hague told the Scottish Conservative party conference that the decision by the prime minister, Mr Tony Blair, to sign the Social Chapter and endorse a "vast extension" in the powers of the European parliament had been "bewildering".

He said that Mr Blair had come back from Amsterdam with "not one substantial new concession" despite claims by ministers that Mr Blair had secured a UK opt-out from a new Europe-wide agreement to scrap EU border controls.

Mr Hague's appeal for a referendum on the Amsterdam summit was a surpris-

ing move because the Conservatives have traditionally been hostile to referendums as a means of resolving issues of constitutional importance.

Although the Conservatives are committed to holding a referendum in the event that the UK joins a European single currency, Labour has shown far more liking for the device, in order to push through its plans for devolution in Scotland and Wales and the creation of a government for London.

Mr Hague's speech reassured his belief that the party now needs a "revolution" in its internal organisation, if it is to win the next election. It also contained a

veiled attack on the way the party had been run under his predecessor, Mr John Major.

Mr Hague said that the party had lost last month's election because "we were seen as divided, greedy, self-absorbed. Whether we deserved it or not, we were seen as remote from the people whom we were elected to serve."

The main thrust of Mr Hague's speech was to confront calls from some activists in Scotland who believe that the party should now reverse its opposition to devolution and set up a new Tory organisation north of the border.

Earlier in the day, in a tense debate on the issue of

devolution of government in Scotland, Mrs Christine Richard, former leader of Edinburgh District Council, led calls for a re-think of the party's devolution stance. Attacking the "intellectual constipation" of Westminster-style government, she said the party members should be free to back Labour's "yes" vote for devolution in September if they wish.

Her call won support from only a handful of delegates. But the fact that the conference organisers had allowed her to speak at length on the subject from the platform reflected the strong feeling on the issue among Conservative supporters in Scotland.

Growth in marts for used cars worries dealers

By John Griffiths in London

A "supermarket" stocking more than 800 cars on a purpose-built site is selling vehicles at a rate of nearly 8,000 a year and alarming conventional traders in the region.

The £5.5m (\$9m), 4ha site at Northampton in the English Midlands marks the second phase of an expansion by the publicly-quoted Car Group towards a national chain of a dozen such supermarkets, intended collectively to be selling more than 200,000 used cars a year by the end of the decade.

The group's first site, at Cannock, farther north in the Midlands, has been selling around 15,000 vehicles a year for several years and has itself just been expanded to sell an expected extra 5,000 cars a year.

The venture, trading under the name of Car Supermarkets, is to open another supermarket on the former Llanwrn steel works site in south Wales by the end of this year, with at



Peter King: if big lots succeed, "then someone's got to lose - probably the poorer independent and franchised traders"

least two more scheduled for 1998.

The group claims to set a gross profit margin of 5 per cent on each vehicle, representing around £400 per car on the average £8,000 sale price - some 40 per cent of the motor trade norm.

For example, a five-door 1.4 Ford Escort, registered in the past 10 months and with under 10,000 miles (16,000km) is on the lot for £7,999, compared with a Glass's Guide (definitive guide to trade prices) value for retail sale of £9,100 and a list price-new of £12,525. A General Motors Vauxhall Vectra Lsi with a

specification giving it a list price new of £14,950 is selling at £9,799 compared with a Glass's retail of £11,100.

Northampton's conventional dealers, looking at the mere handful of used cars dealers which have managed to survive within a wide radius of Car Supermarkets' first site at Cannock, have reason to be nervous. "The used car market is worth £23bn a year and if Car Supermarkets succeeds and is selling 200,000 cars a year then someone's got to lose; probably the poorer independent and franchised traders," according to Mr Peter

King, the company's chief executive.

However, the catchment area for the Northampton site is claimed to be much larger, as running from north London to Nottingham in the north and from Cambridge to Oxford. Location criteria for each site are that it must be within five minutes of one of the UK's 638 motorway exits.

Each outlet employs around 160 people, around triple the number of other retailing "sheds", so they are proving quite attractive to local authorities, if not neighbouring car dealers,

say group executives.

The company has a core of around a dozen buyers. Formerly called Motorhouse of Cannock, it was bought for £31m earlier last year by an institutions-backed management buy-in team led by motor trade veterans Mr Richard Farr, chairman, former group finance director of Western Motor Holdings, and Mr King, a former sales director of Rover and chief executive of Proton.

Car Group saw its public offering three times oversubscribed last November in an operation which valued the company at £43.1m.

Farmers angry at compensation cut

By Maggie Urry and George Parker

Farmers were outraged yesterday at becoming the target of government cost savings ahead of next Wednesday's Budget, after ministers cut compensation payments to the beef sector.

Compensation payments for older cattle are to be cut by 11 per cent and a new maximum of £233 (\$353) per animal is to be introduced. The scheme was designed to prevent animals with BSE or "mad cow disease" from entering the food chain.

The UK government's proposal to cut payments was approved by the European Commission yesterday and will take effect on August 4. The Treasury has blamed farmers for running a series of "scams" to extract the maximum amount of cash possible from compensation schemes.

Senior UK Treasury officials disclosed on Thursday night - ahead of the Brussels meeting - that the cost of eradicating BSE over the next three years had risen from £2bn to £2.7bn. Farmers were incensed by suggestions they had been fattening animals up before putting them in

for slaughter to increase their compensation payments.

Mr Ian Gardiner, policy director of the National Farmers Union, said the suggestion was a "complete canard" which added "insult to injury". He said it would not make commercial sense to hold back an animal to fatten it up.

From August 4 farmers will receive £200 (\$300) per kg live weight, down from 0.9 Ecu, for animals sent into the "over 30 months" scheme. A maximum weight of 550kg will be imposed. Heavier animals will only attract the 550kg rate of compensation.

Repeated revaluations of the green pound - the rate at which agriculture payments are translated from Ecu into sterling - meant the compensation payments kept falling in sterling terms. The green pound has been revalued four times since last November, and a fifth change could take place at the end of August. The imposition of a maximum weight also annoyed farmers.

Mr Anthony Gibson, the NFU's regional director in the south-west, a prime cattle area, said the limit would affect beef farmers hardest.

Lloyd's narrows search for chief

By Christopher Adams, Insurance Correspondent

Lloyd's of London appears to have failed in its search for a "captain of industry" as chairman to bring new blood to the centuries-old insurance market, following the crippling losses of recent years.

Lloyd's is likely to appoint one of two insurance insiders after the search for an outsider failed to produce a suitable candidate.

Mr Jonathan Agnew, chairman of Lloyd's, the biggest corporate investor in Lloyd's, and Mr Max Taylor, executive chairman of insurance broker Willis Corroon, are the leading contenders to succeed Sir David Rowland as chairman at the end of this year.

Sir David told insurance market professionals yesterday that a decision would be made within the next few weeks. Expectations last year that a new chairman would be found from among the leading figures of British industry have diminished.

Mr Agnew already sits on Lloyd's ruling council, which is responsible for taking executive decisions on policy and regulating the insurance

market's internal affairs. As chairman of LLOYD, he represents the new breed of corporate investor which is rapidly replacing the Names who have traditionally backed Lloyd's but whose numbers are dwindling.

He also has experience of merchant banking, having previously served as chief executive of Kleinwort Benson. Mr Taylor is an executive director of Willis Corroon, the insurance broker rival of Sedgwick, which was headed by Sir David Rowland before he became chairman of Lloyd's. He is also chairman of the Lloyd's Insurance Brokers' Committee.

The new chairman will serve alongside Mr Ronald Sandler, the chief executive of Lloyd's who, since the completion of the insurance market's recovery plan last September, has taken more responsibility for day-to-day management of operations.

The chairman's role is not easy. Unlike the board structure at most companies, he presides over an uneasy alliance of factions on the ruling council comprising underwriters as well as corporate investors and Names.

UK NEWS DIGEST

US-style loan fund launched

Inner-city businesses and charities will have access to cheap loans from the UK's first private regeneration fund of its kind launched yesterday. The fund - based in Birmingham, the second-largest city in England - aims to raise £3.5m (\$5.7m) in three years to finance small businesses, charities and social organisations such as housing associations. Intended as a pilot scheme, the fund - Aston Reinvestment Trust - will provide small loans in areas largely abandoned by commercial banks. Backed by Barclays and National Westminster banks, ART is modelled on community development loan funds in the US, such as the South Shore Bank of Chicago.

Sir Adrian Cadbury, chairman of ART, said: "We want to invest in the social fabric and economy to help regenerate the deprived parts of the city. The basic problem is that these people do not meet the criteria for normal lending, largely because of their small scale or because they do not have the right kind of collateral. Commercial lenders need a return that pays for their time and the risks involved."

The fund will be mutually owned by investors placing between £250 and £20,000 in the scheme for a flat interest rate of around 3 per cent. However, many investors are expected to forego their interest payments, to reinforce their contribution to the local community. Richard Wolfe

UNION BANK OF SWITZERLAND

New office planned for island

Union Bank of Switzerland has applied to authorities in Jersey, the largest of the Channel Islands between England and France, to open a branch in the offices of its Cantrade Private Bank offshoot in the island. Cantrade faces several charges of fraud in a Jersey court. It is understood that UBS has long-term growth plans that could make its Jersey operation as important to the island as that of rival Credit Suisse in the neighbouring Guernsey.

JOB LOSSES

SA Insurer blames high wages

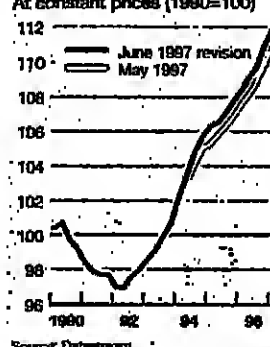
High wages are being blamed by a Guernsey-based South African insurance company for its decision to shed 80 staff and relocate much of its operation to England and the Republic of Ireland. Old Mutual International says the redundancies, which will affect half its workforce, will take place over the next year and have been caused by the island's wage levels - "20 per cent higher than they would be in England".

THE ECONOMY

Output \$11bn higher than thought

UK GDP

At constant prices (1990=100)



A further rise in UK interest rates appeared increasingly likely yesterday after the Office for National Statistics revised up its estimates of economic growth for each of the last three years. As a result, national output of goods and services appears to have been £7bn (\$11.5bn) higher last year than the statisticians thought. Taking inflation into account, this means the economy is almost 1 per cent larger than previous estimates suggested.

The revisions mean that there is probably much less spare capacity in the economy than the Treasury and Bank of England, the UK central bank, assumed. This implies that the threat of inflation is greater and there is a stronger case for taxes or interest rates to rise to take some of the steam out of the economy, Mr Mark Wall, economist at Deutsche Morgan Grenfell, said the revisions implied that the slack in the economy had been all but eliminated.

Robert Chote

PORTS

Privatisation project scrapped

The proposed privatisation of the Port of Tyne in north-east England, set in train by the former Conservative government, was yesterday scrapped by Mr John Prescott, deputy prime minister. Mr Prescott told port executives he would not be taking forward plans to compel the privatisation of the facility but he wanted to explore other options for the future. "He invited them to consider what other options may be available in consultation with a range of local interests, and report back to him in the autumn," an official said.

Chris Tighe

NORTHERN IRELAND

Stalemate in talks on parade

Talks aimed at averting sectarian confrontation at the Northern Ireland town of Drumcree next month ended without agreement yesterday.

The Bosnia-style "proximity talks" between nationalist residents and representatives of the Protestant Orange Order who want to hold their traditional march through the town were held at Hillsborough Castle, in Northern Ireland. The opposing sides were in separate rooms, with arrangements in place to make sure they would not meet by chance. Mr Brendan McKenna, a spokesman for the nationalist residents, blamed the failure of the talks on Orangemen who refused to meet them.

George Parker

Rugby league clubs humiliated in the new ballgame

First thoughts are often the best. When the British and Australian Super Leagues planned their new order for rugby league two seasons ago, the centrepiece was to be an end-of-season, top-four play-off bringing together the best teams from both competitions.

They must regret not sticking to that format when they finally set in motion their joint global vision this summer with the Super League World Club Challenge.

Instead they put all 22 teams in the European and Australasian Super Leagues into the competition, blocking off six mid-season weekends in two blocs of three for the qualifying stages - a brave declaration of faith in their flagship competition. It has blown up in their faces.

Nobody was expecting the British clubs to dominate, even allowing for the fact

Australians have won 27 of 30 matches in the first phase of the new competition

that many of the best Australian players and clubs have stuck by the official Australian Rugby League competition in preference to Super League. Like its British counterpart, Super League is backed by Mr Rupert Murdoch's media empire. But the extent of the British failure has been alarming.

Of 30 matches in the first phase, 27 have been won by the Australians - many by big margins. Little did St Helens fans who saw their team demolished 42-14 by Auckland, New Zealand, in the first British game know that would be

almost the exact average score for all 30 matches. There is an unmistakable whiff of 1982, when a legendary Australian team laid waste the North of England with irresistible vigour. It hurts to be thrust back so far after 15 years of apparent progress.

The Australasians would doubtless have dominated a straight top-four play-off as well, but at least it would have cost much less. Little wonder that Mr Maurice Lindsay, chief executive of the Rugby Football League, did not wait even for the conclusion of the qualifiers before ordering an inquiry into the weaknesses of the British game.

One possible outcome will be pressure for a further concentration of talent in the British game, with the Super League possibly cut from its current 12 teams rather than, as previously envisaged, expanding to 14.



Crunch time: British clubs have run into trouble

But the weaker clubs will surely resist risking the fate of Widnes, which not many years ago was one of Rugby League's giants. After miss-

ing the Super League cut, the club is struggling at the bottom of the First (really second) Division on tiny crowds. What would further

limits on the lucrative top flight do for the game's popularity in the areas thus excluded?

British Sky Broadcasting, the satellite television network dominated by Mr Rupert Murdoch's empire, says audiences for the first batch of World Club Challenge matches have been roughly the same as for normal Super League games. However, it acknowledges the brush of fortune that gave it Wigan's and Sheffield's wins among its first half-dozen broadcasts. It remains to be seen if television viewers return for the next lot of matches.

Bradford Bulls, the most successful of the European clubs both on and off the pitch, acknowledges that its results - three played, three lost - are disappointing. But the club is happy at least to have attracted five-figure crowds for the three games. This year's World Club Chal-

lenge was a one-off experiment, which was always designed to be reviewed later in the season.

With the long-running battle between Mr Murdoch's Super League and the Australian Rugby League apparently moving towards a conclusion, changes were probably inevitable next year anyway. Events over the past three weeks have merely tipped the balance of likelihood further in that direction.

The Rugby Football League is in any case determined to make the best of a bad job. Mr Dave Callaghan, broadcast and press manager, said the league still regarded the experiment as having been "most worthwhile... at times the lessons have been painful, but they have to be learned and we are often better for it".

Huw Richards

ITN in talks to buy 49% stake in Euronews

By Raymond Snoddy in London

Independent Television News, the commercial television news provider, is negotiating to buy a 49 per cent stake in Euronews, the European television news channel.

Alcatel, the French electronics group, is interested in selling the stake in the Lyon-based channel.

As part of the deal ITN would assume operational control of the loss-making venture to try to increase its impact and turn it into profit.

Euronews was set up more than five years ago by a group of Europe's public service broadcasters.

Organisations such as RAI, the Italian national broadcaster, France Television, which runs the second and third television channels in France, TVE of Spain and various Swiss public service broadcasters together own 51 per cent of the equity.

The negotiations are expected to come to a head on Monday when Mr Stuart Purvis, the ITN chief executive, is due to meet their representatives.

ITN could walk away from the deal if it decides that the public service broadcasters do not agree with its thinking about the future of Euronews.

ITN would probably have to pay only about £5m for Alcatel's 49 per cent stake, but would have to invest significant sums to build up the channel.

Euronews is available on cable and satellite systems across Europe and segments are rebroadcast on terrestrial television, particularly in Spain and Italy.

It is the deal goes ahead it will be the largest purchase by ITN, which is now owned as a commercial company by the three largest terrestrial television companies in Britain - Carlton Communications, Granada and United News and Media - plus Associated Newspapers and Reuters.

The legal battle between the Mirror Group's Live TV and CableTel, one of the large cable television groups, is about to go a further round in the High Court. Mr Kelvin MacKenzie, managing director of Mirror Television, plans to appeal against a court ruling that CableTel, part of NTL group, can offer a modified basic package of programmes that excludes Live TV.

Mirror Group says it has a contract guaranteeing a place in the basic package. Instead it is being offered as a "bonus" channel to those who take at least two premium channels, and is therefore seen by fewer people.

The Financial Times plans to publish a Survey on

Inward Investment into the UK

on Thursday, July 24

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FINANCIAL TIMES

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Saturday June 28 1997

Global warming

"Always be sincere, whether you mean it or not." Abiding by this golden rule of economic diplomacy kept the conversation cheerful between the two largest economies in the world at last weekend's summit in Denver. Trade wars with Japan? A thing of the past, promised Mr Bill Clinton, the US president. He and Mr Ryutaro Hashimoto, the Japanese prime minister, had realised what the problem was: Japan was not enough like the US. As long as the Japanese worked to correct this flaw, relations between the two could only improve.

Mr Hashimoto was willing to sign up to this version of events for the duration of the summit. But by Monday evening the strain of smiling his way through so much US triumphalism was clearly getting to him. Speaking off-the-cuff - and certainly off-message - in New York, he reminded the audience of the flip-side of Japan's chronic over-exporting to the US: a hefty presence in the US bond market, which needn't stick around forever.

Precisely who would gain from a Japanese withdrawal from the US bond market, observers were at a loss to discern. As Mr Hashimoto knows, falling US bond prices and a rising yen would do few favours for Japan. But his remarks, coupled with signs of a soaring US-Japan trade gap, had many wondering whether Mr Clinton's faith in a bright new relationship was misplaced.

In the three months to May the Japan-US bilateral trade surplus was 43 per cent higher than a year earlier. Part of the rise can be put down to the April consumption tax rise and the boost from the earlier decline in the yen. But Japanese officials are as concerned as anyone that the domestic recovery will continue to be slanted heavily toward tradeables.

Initial June price data, released by the government yesterday, suggested that deflationary pressures are still bearing down on many sectors. Indeed, stripping out the effects of the 3 percentage point rise in the consumption tax, retail prices in most areas are probably still falling. This suggests that an increase in Japanese interest rates is still a while away - indeed, is likely to be preceded by at least one, possibly two, increases in US rates.

Traders who would like the future to resemble the past will be pleased by this conclusion. Growth and interest rate differentials could go on favouring the US for some time, and Wall Street would be spared further jitters at the thought of a Japanese exodus. Sooner or later, however, the tide of Japanese investors will turn, particularly if trade frictions continue to put upward pressure on the yen. The question is only whether it will be a trickle, or a flood.

Last orders

The new UK government's first salvo into competition policy, with the blocking of the Bass-Carlsberg-Tetley merger, is on balance, to be welcomed. In principle, it makes little sense for any government to keep a dog and bark itself to employ a competition authority and then over-ride it. But at least this decision is based on market arguments, not extraneous politics. And on market grounds, the original ruling of the Monopolies and Mergers Commission looks hard to defend.

The commission notes that as the UK brewing industry has amalgamated, the price of beer in pubs has risen sharply - by 10 per cent in real terms over the past four years alone. The proposed merger, it concedes, would make a bad situation worse. However, it argues, making Bass sell almost half its pubs would offset the damage. This is highly debatable. The

process of amalgamation was triggered by the commission's ill-advised intervention in 1988, whereby the big UK brewers were obliged to sell off chunks of their distilleries. Pub disposals did nothing to stop prices rising then, and there is no reason to suppose they would do so now. Indeed, as a dissenting voice in the report argues, the opposite could be true.

It might seem perverse to conclude that while the government was wrong to tinker with market forces in the first place, it is right to do so now. But the paradox is only apparent. The right conclusion in 1988 would have been to free up the pub licensing system, so that new entrants were free to take on the brewers. This time, it is in the consumers' interest to avoid a brewing duopoly along the lines of the US or Australia. Either way, competition is the key.

Rich pickings for China from a 'barren island'

It is in Beijing's interest to preserve Hong Kong as it is, says John Ridding

It seems obvious that Hong Kong will not be a mart of trade... our commercial transactions will be carried on as heretofore at Canton; but they [the British residents] will be able to go and build houses to retire to in the desert island of Hong Kong. - Lord Palmerston, British foreign secretary, in a letter in 1841 to Captain Charles Elliott, British superintendent of trade in Canton.

Don't blame Lord Palmerston. Nobody could have predicted Hong Kong's rise to become the world's seventh largest trading economy, with greater average wealth than its colonial ruler. A century and a half after his pronouncement, as the territory makes an unprecedented leap from capitalist to communist sovereigns, every question - will the sceptics be proved wrong?

The answer has significance far beyond the "barren island" once disparaged by the British foreign secretary. Hong Kong, which reverts to Chinese rule at midnight on Monday, is one of the world's most dynamic business centres, home to more than 150 foreign banks and the seventh largest stock market. As the source and conduit for much of the investment into China since Deng Xiaoping opened the door in 1978, the territory provides a motor for modernisation on the mainland. Multinationals and Asia's fast-rising businesses, attracted by the territory's free-market policies and its corporate culture, have chosen it as a base for regional expansion.

Those policies and the entrepreneurial energy of its 6m residents leave Hong Kong in a strong position to tackle the uncertainties ahead. Sir Donald Tsang, financial secretary, presides over accumulated fiscal and foreign exchange reserves of more than US\$90bn. Annual output has risen beyond US\$155bn, almost one-fifth the value of production across the border.

Business believes this momentum will be sustained. Just as the communist victory in 1949 led to Shanghai's decline and Hong Kong's rise, so the territory is again in the right place at the right time. "The shop window in the front, the factory in the back, call it whatever you like," says Mr Vincent Cheng, executive director at Hongkong Bank. "The fact is that Hong Kong is positioned to supply the capital and

expertise for China's modernisation."

Such sentiment is evident in the markets. Ten-year bond yields trade at a modest 50-basis-point premium to their US equivalents, a mark of confidence in economic prospects and in the currency link with the dollar. The Hang Seng stock market index has hit record levels this week, leaving far behind the warnings of doom that followed the Sino-British diplomatic impasse of the early 1980s and the 1989 suppression of pro-democracy protests in Tiananmen Square.

This confidence is conditional on a successful transition. But is it misplaced? While few expected Hong Kong to approach the handover in such robust shape, there are pitfalls that must be overcome if its performance is to be maintained under Beijing's rule. Sceptics, most common in the pro-democracy camp, fear post-colonial decline.

Risks lie both without and within. Heavy-handed intervention from China would wreck the economic machine it seeks to exploit. Failure inside Hong Kong to stand up for its promised autonomy would prove equally damaging, threatening the level playing field, rule of law and the cosmopolitan character essential for the territory's success.

Concern has been prompted by Beijing's replacement of the elected legislature with an appointed body and the introduction of tougher legislation on demonstrations and the organisation of political parties. "Even a perceived risk that China is seeking to tamper with the formulae that have made it so successful could severely damage Hong Kong's economic prospects," says one senior US official.

Pro-democracy forces and some local diplomats fear that Beijing does not recognise a link between social freedoms and economic success. "Because they have managed high growth without political freedom they think they can do the same with Hong Kong," says Mr Martin Lee, leader of the Democratic party, the largest pro-democracy grouping.

The result, he believes, will be a weakening of defences against corruption and favouritism, a bending of the rule of law and a tilt in the business playing field towards Chinese interests.

A more subtle threat - potentially more serious - is that the territory will second-guess Beijing's interests, creating a cli-

mate of political correctness and self-censorship. Mr Jimmy Lai, a self-made media mogul and a vocal critic of Beijing, has found no bankers willing to list his business on the stock market. Several brokers have found themselves out of a job after critical reports of mainland companies.

The danger is not a sudden collapse, more a gradual slide. "It will be very damaging if Hong Kong becomes more like China," says Mr Ralf Lall, executive director of E.M. Warburg, Finsens & Co. "China doesn't need another Chinese city. They already have thousands." For Hong Kong to succeed after the handover, he believes, its horizons must extend beyond the mainland.

Hong Kong must also maintain broad continuity in economic management, according to many in business and finance. Several members of the post-handover administration regard the return as a watershed in economic policy. "Hong Kong can be the Silicon Valley of greater China as well as its Manhattan," says Mr Raymond Ch'ien, a member of the post-colonial cabinet and a champion of increased policy support for high-tech manufacturing. This is fashionable thinking in Asia's tiger economies, but a potentially costly departure from Hong Kong's non-interventionist approach.

Some worries reflect legitimate concerns, says Mr Tung Chee-hwa, the shipping tycoon who will head the post-colonial administration. But he insists they will not be realised. "Hong Kong will remain an international business city and that is what China wants," he says. Freedoms will be maintained, according to Mr Tung, although a "proper balance" must be struck between civil liberties and social order. Democracy, in his view, must be introduced at a gradual pace. Although a fan of Mr Lee Kuan-yew, Singapore's elder statesman, he dismisses a shift to the city-state's interventionist economics. "The character of Hong Kong is very different," he says.

Business leaders support Mr Tung's line. The priority, they argue, is to sharpen Hong Kong's competitive edge. And the risk, as they see it, comes from too much politics, not too little.

Sir Gordon Wu, managing director of Hopewell Holdings, who is typical of the territory's entrepreneurial tycoons, argues



that a rapid shift to democracy would lead to increased welfare spending as parties competed for votes. "That will kill our entrepreneurial spirit," he says. "Look at Sweden. They have ingenious people who have made excellent products. Yet because of social welfare they almost went bankrupt."

Mr Wu is not against democracy - his son is called Thomas Jefferson. But he believes Hong Kong needs time to develop mature political parties and must follow the timetable for democratic reforms laid down in China's constitution for the territory.

That may sound like stalling. And should the clock be turned back in terms of political liberties, the creativity praised by Mr Wu might be stifled. But it also underlines the difficult balance that must be struck with China.

"We would be fools to ignore China's concerns," says the managing director of one of the territory's big property developers. He argues that curbs on demonstrations are aimed at preventing challenges to China's government, specifically from Taiwan. "Bans on marching for Taiwanese independence are not going to undermine Hong Kong's business success," says the tycoon. "And if we want China to leave us alone then we have to leave them alone."

Such arguments are backed by mainland leaders and by the new Chinese corporate elite that has moved to Hong Kong. "China does not want to interfere, but it also doesn't want interference from Hong Kong," says Mr Zhu Xiaohua, chairman of China Everbright, the fast-growing conglomerate controlled by the State Council in Beijing. "Why does everyone just worry about Hong Kong?" asks another mainland executive. "China cannot afford for things to go wrong," he adds, citing the political capital invested in the territory's return. China's need for funds and expertise and its determination that Hong Kong should provide a model for Taiwan.

Mr Tung believes such an identity of interests justifies optimism. Displaying the conviction he showed in helping to wrest his family shipping business from bankruptcy in the 1980s, he predicts the sceptics will again be confounded once the transition is passed. But unlike the company, Hong Kong is not in need of rescue. The rocks will best be avoided if the new government and new sovereign keep a light touch on the tiller.

LETTERS TO THE EDITOR

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Opportunity for re-think on jobless

From Mr Peter Robinson.

Sir, It is encouraging to see that the task group of business executives who are to help the government formulate its "new deal" for the young long-term unemployed want time to work out the details before the programme is launched next April ("Chancellor wooes business chiefs", June 26).

Perhaps they should start with the figures. The aim is to take 250,000 long-term unemployed youngsters off the dole. In April there were 178,000 18 to 24-year-

olds who had been registered unemployed for more than six months. This is down from 266,000 in April 1996 and 417,000 in April 1993.

The target group has more than halved so far in this recovery. If the trend for the past 12 months continues then by the time the programme is implemented in April 1998, the target group could be less than half the 250,000 figure touted by ministers.

It seems rather churlish that ministers have not acknowledged

this significant fall in numbers for their target group. Rather than pretend that the policies presented at the election need no adjustment, should the decline in youth long-term unemployment not be taken as an opportunity to think again?

Peter Robinson, Centre for Economic Performance, London School of Economics and Political Science, Houghton Street, London WC2A 2AE, UK

Impartiality in question

From Mr Stephen Scott.

Sir, In the Financial Times of June 7, under the headline "Mugged in the name of television", Christian Tyler described how I misled and put at risk innocent members of the public while making a recent edition of *The Cook Report*.

For the record:

● The reporter, Christian Tyler, is a personal friend of the complainant, Christine and Ivan Baker, from whom we rented a flat for secret filming.

● At the time of the article, Mrs Baker was refusing to return a substantial deposit to Carlton Television.

● Mrs Baker was fully aware of my identity and that *The Cook Report* planned to use her flat for secret filming.

● I have never met or spoken to Mr Ivan Baker who, nevertheless, claimed he was duped by me because I was "easy, charming and straightforward".

● The Bakers claim that, following our film, they were harassed and frightened by strange men. There is not a shred of evidence to link these alleged incidents to our film.

● As for the private detective, Cadogan Pender, he protests his innocence but he was filmed planning to tap our telephone and, later, handing over a tape of the illegal bugging.

It is my view that this was not an impartial journalistic inquiry.

Stephen Scott, producer, *The Cook Report*, Carlton Television, 25 Knightsbridge, London SW1X 7EZ, UK

Pervasive view undermines employee loyalty

From Mr Teppo Nieminen.

Sir, Regarding Hag Simonian's article about Pilkington's new chief Mr Paolo Scaroni (FT Auto: "No-nonsense Scaroni takes Pilkington helm", June 12), Mr Simonian writes: "The first priority

is to cut costs. Last week he announced that 2,000 would be cut from Pilkington plants across Europe."

A Freudian slip or an honest mistake? Could be either, but with this pervasive mentality,

the next person to bemoan the loss of employee loyalty deserves a whack on the side of the head.

Teppo Nieminen, Porarikatu 7 D 42, 02800 Espoo, Finland

Confusing view of stock options impact

From Mr Daniel Broby.

Sir, Barry Riley ("Vertigo as Wall Street assesses its options", June 25) observes that, according to a London-based consultant, US generally accepted accounting principles earnings are overstated by 20 per cent as a result of stock options not being charged against corporate earnings. There is certainly a problem with stock options diluting earnings but to claim the trailing p/e multiple stands at 30 only serves to confuse investors.

Under the treasury method the number of common shares to be

used in the earnings per share calculation should assume that all options are in the money as at the reporting date of exercise.

This method also assumes that a company will use the proceeds from the sale of shares to holders of in the money options to buy back shares at market price. The difference between the number of shares "assumed" to have been sold and the number "repurchased" is added to the actual number of shares in issue to derive the number of common shares outstanding. The result is in effect the same as what would

have been the case if the options had been exercised. As a result, the actual exercise of options leaves earnings unaffected. Since new options are generally issued at the market price of a stock, they have no immediate impact on earnings. The catch comes when a share price rises. The higher a stock climbs, the greater the dilution.

Daniel Broby, head of international research, Quilter and Co., St Helens, 1 Undershaft, London EC3A 8BB, UK

Mergers, rapid growth and buyouts. Where's IT going?

FT-IT Review, July 2.

This quarter's review examines recent moves in Silicon Valley and the potential implications for corporate businesses in the new millennium. Also a feature on the financial services sector reveals how it copes with the digital age.

FINANCIAL TIMES
No FT, no comment.

Handwritten signature: J.P. 12/01/97

Man in the News • Robert Ayling

Pilot in turbulent times

Michael Skapinker on the BA chief's drive to push through change

A few weeks ago, with two strike ballots looming, Mr Robert Ayling took some visitors around the British Airways operations centre at London's Heathrow airport.

One purpose of the tour was to show off the new high-technology building. The other was to demonstrate how happy BA staff were, in spite of talk of impending industrial strife.

It was an effective piece of public relations. Staff preparing for their flights greeted Mr Ayling warmly. A male and female flight attendant, disturbed while locked in a passionate embrace, appeared to regard the unintended intrusion with amusement rather than alarm. "These people don't want to go on strike," Mr Ayling said.

His problem is that many of his staff have now said they want to do just that. The airline's largest cabin crew union this week voted by a large majority to take industrial action. On Monday, the Transport and General Workers' Union is expected to announce that 9,000 ground crew have voted to strike too.

The two disputes are ostensibly about different issues. The cabin crew object to a new pay structure. The ground staff are protesting about Mr Ayling's decision to sell BA's catering business at London's Heathrow airport. But all sides recognise that the discontent is about something deeper: Mr Ayling is forcing BA through more change than it has experienced

since it was privatised a decade ago. When Mr Ayling became chief executive at the beginning of last year, he inherited a company that had gone from being a national disgrace in the 1970s and early 1980s to the world's most profitable airline. Many of the staff are clearly proud to work for BA, since employee turnover is only 2 per cent a year.

But after taking the top job, Mr Ayling told staff to prepare to make sacrifices. He wanted £1bn in savings over three years. There would be 5,000 redundancies, although the airline would then take on a similar number of better-qualified employees. And anyone who could not do their job as cheaply as an outside supplier would find their work put out to contract.

"The competition is getting better and more efficient," Mr Ayling told his staff. "Our customers expect more, but our cost of providing a seat has risen faster than the price customers pay in a highly competitive market." Many employees responded by asking why the world's most profitable airline could not treat its staff better. The reason, Mr Ayling said, was that while BA looked healthy now, its profits would disappear by the turn of the century if it

did not change. Small, low-cost airlines such as Ryanair and EasyJet were appearing in Europe, putting downward pressure on the fares of large airlines. Rivals such as Lufthansa of Germany and United Airlines of the US were forming worldwide alliances, allowing them to transfer passengers to each other rather than to BA. And market research showed that, while international customers regarded BA as a professional airline, they also thought it was old-fashioned and stuffy.

Mr Ayling has responded by forming an alliance with American Airlines, though this has yet to be approved by regulators. He launched his cost-cutting programme and has recently unveiled a new livery with 50 brightly-coloured designs from around the world replacing the Union flag on the tails of BA's aircraft.

Around half of BA's 59,000 workforce have accepted the cost-cutting, agreeing in some cases to wage freezes. But others have not – hence the call for strikes. Much of the opposition, some of it abusive, has been directed at Mr Ayling himself. While some staff smile when they see him coming, others grit their teeth.

One of Mr Ayling's problems, says a union leader who has dealt with him for

many years, is that he cannot understand that not everyone sees the future as clearly as he does. He has also been let down, the union leader says, by some of his middle managers who have failed to get his message across.

"He's very bright, but he's impatient," the union leader says. "If you go to him with a well-rehearsed argument, he will listen to you. He's got a moral streak in him that wants to do right by people. But he's naturally intolerant of windbags. He likes to get to the point."

The various sides of Mr Ayling's personality are clear to many who have contact with him. He is friendly but controlled. He expects questions to get their facts right and he measures his answers carefully.

Get your facts wrong, and he occasionally shows flashes of irritation. More often, he treats ill-informed inquirers with the strained patience of a solicitor explaining to a client that, no, you cannot sue your neighbour for wearing loud ties.

Mr Ayling was, in fact, once a City solicitor. He was also a high-flying civil servant before joining BA in 1985. He achieved his success without the advantages enjoyed by many of the colleagues in the organisations

in which he has served.

His early circumstances were comfortable. His father owned a small chain of London grocery shops and the young Ayling attended a private school in Wimbledon. When he was 15 the grocery business went bankrupt. His father offered him a choice: move to a state school or go to work. He went to work as a solicitors' clerk.

By the age of 24, he was an equity partner in a City law firm. He then moved to the department of trade, where he began the process of privatising BA. The airline soon recruited him, moving him through a range of senior posts before appointing him chief executive last year.

Mr Ayling was much admired by senior Conservatives such as Lord Tebbit but is now regarded as being close to Mr Tony Blair, the prime minister. Some have accused him of political opportunism. Those who know him well say his political odyssey is little different from that of other business people who have made their way to the top through talent and hard work.

His parents voted Labour and he is a firm believer in racial and sexual equality. But he also believes that trade and commerce are vital to a free society and that these make class mobili-

ty possible. He welcomed many of the changes of the Thatcher years, particularly the removal of exchange controls, privatisation and reform of the labour market.

He believed, however, that, after 18 years of Tory rule, it was time for a change. He knew some senior Labour figures well: he had a joint 50th birthday party last year with Mr Jack Straw, now home secretary.

Mr Ayling says Mr Blair wants to build on the Thatcher achievements rather than destroy them. But BA refuses to comment on reports that the prime minister attempted, without success, to persuade Mr Ayling to head his policy unit.

A project he has fervently supported under both Conservative and Labour governments is the proposed millennium dome in Greenwich. He is chairman of Millennium Central, the project's operating company.

He also has a sentimental reason for supporting the project. Every year, on his birthday, his grandfather used to take him on the river boat from Battersea, one of the sites of the 1961 Festival of Britain, to Greenwich. He has not been on the boat for years. His millennium role should give him many opportunities to do so, but he will probably find little time for river trips this summer.

It is still not certain that BA's employees will strike. If they do, they can expect Mr Ayling to stand firm. But even if they do not, the chief executive will still have his work cut out if he is to sell them his vision of the future.



A symbol in a land of symbols

Khozem Merchant reflects on India's low castes as an 'untouchable' is nominated as president

In the village of Uzha-voor in Kerala, southern India, the low-caste "untouchables" smile at the progress of their former neighbour Mr K. R. Narayanan. Next month, as sure as coconuts grow in Kerala, Mr Narayanan will become India's 11th president and the first from the low castes, described by Mahatma Gandhi as Harijans – God's Children.

But the smiles give way to irritation when the people of Uzha-voor – farm labourers, street cleaners and beggars – are asked about Mr Narayanan's wretched background. "What does it matter if he is an 'untouchable'?" asks one villager. "If you just want an 'untouchable' as president, take me."

Several hundred miles north in New Delhi much the same is being said, though often with a hint of political correctness. In India's 50th year of independence, the unspoken truth is that the election of an "untouchable" to the presidency is a necessary symbol in a country that takes symbols seriously.

It is also a recognition that in a poignantly divided political environment, which today favours the rural poor, the lower castes are a powerful political constituency. Some 60 per cent of India's 970m people are designated as low-caste, of which a significant minority are untouchable Dalits – literally "the oppressed". Their sheer weight of numbers make them a powerful political force, so much so that no one has publicly dared to oppose Mr Narayanan's candidacy.

Indeed, the selection of a Dalit for the presidency – a traditionally ceremonial, but increasingly important office as the arbiter of coalition

governments – is just about the only thing the main parties agree on. What discomforts many is that this act of monumental symbolism may disguise India's basic failing to tackle discrimination against its untouchable caste.

"India has not failed its low-castes, who have strength in numbers and are therefore today politically powerful," says Mr Ashish Nandy, director of the Centre for Study of Developing Societies in Delhi. "But it has largely failed the untouchables, the lowest, who remain on the margins economically."

Their treatment is illustrated in the novel *A Fine Balance* by Mr Rohinton Mistry. He describes floggings meted out by upper-caste landowners to untouchables who "allowed their unclean eyes to meet Brahmin eyes; who walked on the wrong side of a temple and defiled it; who strayed near a puja [ceremony] and allowed undeserving ears to overhear the sacred shlokas [sacraments]."

The oppressors in Mr Mistry's novel are the high-caste Brahmins who today make up about 10-15 per cent of the Hindu population but exercise a disproportionate grip on the levers of power. "They enjoyed power with the British and continue to do so today," says Mr Nandy. "Power has seeped through their fingers to the 'other backward castes' but not to the untouchables."

Yet the lesson of Mr Narayanan's appointment, runs the consensus argument, is that any Indian can succeed according to merit. Mr Narayanan has suffered discrimination at the hands of Brahmin chauvinism, but



Outside the gates: a beggar in an Indian street

rose to become a distinguished diplomat and scholar. As a student at the London School of Economics he so impressed the economist Harold Laski, that Laski wrote a letter of commendation to Jawaharlal Nehru, India's first prime minister.

"There is great symbolic value in a Dalit reaching this office [of president],"

says Mr Nandy. "It shows the public conscience for equity and justice but does not necessarily presage structural change. It's the same as if an Afro-American became US president: it's unlikely the lot of blacks would improve."

As with blacks in the US, in India there has been some attempt to redress discrimination through the applica-

tion of a quota system. Nehru was opposed to quotas for the low-castes. "I dislike reservations," he wrote. "Let us help [them], but not at the cost of efficiency."

But in any event, he and others who framed India's constitution empowered the government of the day to help the lower castes, through job quotas in the public sector and special access to education.

The quota system has worked to a degree. Economic opportunity and education have been great levelers. And in the economic heartlands of India money and class are the lines of demarcation – not caste.

Groups such as the Patels of Gujarat and the Marathas of Maharashtra were traditionally low-caste land labourers but are now economically self-assertive, commanding respect. Nevertheless, the last time an extension of job quotas was recommended, after the Mandal report in the early 1990s, there was extraordinary social unrest. Middle class youths burnt themselves on the streets of Delhi rather than sacrifice privileged jobs in the civil service to the lower castes.

"The caste system has evolved through education and economic opportunity," says Mr Arun Shourie, an author. "But what is demeaning for India is that we should see Narayanan as an untouchable rather than for the good man he is."

As if Mr Narayanan's elevation is not enough, India will have another chance to show how fast it is changing later this summer. Then, elections are due to be held for the vice-presidency. The favourite is not only a woman, but a Moslem, in India's predominantly Hindu society. If she ends up being appointed, two important precedents will have been set in as many months.

Boxers' purses, like actresses' ages, tend to fluctuate according to who is asking, which is why it is impossible to say with any certainty what Evander Holyfield and Mike Tyson will earn for their world heavyweight title fight in Las Vegas tonight.

Fight promoter Don King, who has raised hyperbole to an art form, originally announced that Holyfield's shock victory in their first meeting last November would be rewarded with a \$40m cheque for the rematch, with Tyson getting \$20m.

Tyson at first seemed to accept the \$20m, but then after a heated confrontation with King he demanded purse parity at \$30m each. The latest estimates have Holyfield taking \$35m and Tyson "at least \$20m", but the real figures will be known only to the fighters and their inner circle.

Even the official purse details lodged with the Nevada State Athletic Commission are unreliable. Professional boxing at this level is a world of side deals and parallel contracts in which the money eventually banked by the fighter often bears little resemblance to what the press reported.

Tim Witherspoon, the only fighter to sue King successfully, can bear witness to that when he defended his World Boxing Association heavyweight title against Englishman Frank Bruno in 1986.

The London promoter Mickey Duff paid King \$1.7m for Witherspoon's services and that was the amount which the Philadelphia boxer naively expected to receive. Instead, King's company, Monarch Boxing, gave him a contract for \$400,000 plus \$100,000 training expenses. His nominal manager, King's son Carl, took 50 per cent commission from that amount and other deductions shrunk Witherspoon's final pay to

Prize with a punch

Harry Mullan on the men involved in boxing's 'richest' bout

BSkyB is charging £9.95 (\$16.41) for advance bookings and £14.95 for those paying today, but the shareout with the promoter is a closely guarded secret.

"We negotiated a percentage deal with King," says Vic Wackeling, the company's head of sport. "He was very good about it – he thought we should be charging a lot more for such a popular fight, but we wanted to offer it to our subscribers at the same price as [the first Tyson-Holyfield fight] and King went along with us."

Strictly speaking, Holyfield and Tyson are contesting only the WBA title, since Lennox Lewis holds the WBC belt and Michael Moorer the International Boxing Federation's, but Holyfield's nickname, "Real Deal", is appropriate in every sense.

This will be the first of two fights for which he is contracted to King; should Tyson win, then a deciding match is a near certainty.

Logic says that what Holyfield did once, he can do twice, but most commentators doubt it. His commitment in their first fight defied belief, as he absorbed everything the younger man could throw at him and then hit back so effectively that he broke his opponent's spirit, much as Buster Douglas had done when he beat Tyson in 1990.

Tyson has twice been found wanting when the moment demanded iron resolve and strength of character, and there must be reservations about his capacity to endure a long and punishing fight again.

Then again, the first Tyson epic could be the last great performance Holyfield had in him. Even heroes have their limits, and at almost 35 the quiet man from Atlanta must be nearing his.

Sometimes around the seventh round tonight, he may reach them.

BSkyB is charging £9.95 (\$16.41) for advance bookings and £14.95 for those paying today, but the shareout with the promoter is a closely guarded secret.

"We negotiated a percentage deal with King," says Vic Wackeling, the company's head of sport. "He was very good about it – he thought we should be charging a lot more for such a popular fight, but we wanted to offer it to our subscribers at the same price as [the first Tyson-Holyfield fight] and King went along with us."

Strictly speaking, Holyfield and Tyson are contesting only the WBA title, since Lennox Lewis holds the WBC belt and Michael Moorer the International Boxing Federation's, but Holyfield's nickname, "Real Deal", is appropriate in every sense.

This will be the first of two fights for which he is contracted to King; should Tyson win, then a deciding match is a near certainty.

Logic says that what Holyfield did once, he can do twice, but most commentators doubt it. His commitment in their first fight defied belief, as he absorbed everything the younger man could throw at him and then hit back so effectively that he broke his opponent's spirit, much as Buster Douglas had done when he beat Tyson in 1990.

Tyson has twice been found wanting when the moment demanded iron resolve and strength of character, and there must be reservations about his capacity to endure a long and punishing fight again.

Then again, the first Tyson epic could be the last great performance Holyfield had in him. Even heroes have their limits, and at almost 35 the quiet man from Atlanta must be nearing his.

Sometimes around the seventh round tonight, he may reach them.

Back from the precipice

Georgia is recovering from political and economic chaos, says John Thornhill

The collapse of the Soviet Union sparked joy in many of the 15 constituent republics, but disillusion quickly set in as the newly independent states were engulfed by economic depression, political turmoil and inter-ethnic conflicts.

Nowhere were these destructive forces greater than in Georgia, which was racked by civil war, bloody secessionist struggles in Abkhazia and southern Ossetia and hit by a devastating economic slump. In the words of one western diplomat, it was almost as if "mass lunacy" had descended on the country's 5m people.

But over the past two years the small Caucasian country has bailed itself back from the precipice. Under Mr Eduard Shevardnadze, the Georgian president and former Soviet foreign minister, it has achieved a measure of political stability and an economic vitality scarcely imaginable when he was elected in 1995.

The 69-year-old Mr Shevardnadze, once the Communist party boss of Georgia, has now embraced the concepts of a market economy, promoting a clique of radical young reformers to senior posts. Among them is Mr Mikhail Chkvaseli, the 26-year-old finance minister appointed last month.

Last year the economy grew 11 per cent – faster than in any other country in the former Soviet Union. Admittedly, success was built from a very low base. By 1994, Georgia's economy had fallen apart and was only one-third of what it was before," says Mr Hunter Munroe, local representative of the International Monetary Fund. "Inflation was 15,000 per cent, its international reserves were minimal and its tax revenues were [at one point] just 2 per cent of gross domestic product."

With the help of the IMF, Georgia has implemented a model economic reform programme stabilising its currency – the lari – cutting inflation, liberalising trade, and privatising assets. Growth is predicted to be 10 per cent this year.

Signs of increasing prosperity are everywhere. Fashion boutiques have sprung up alongside the bullet-marked buildings on Rustaveli street, the tree-lined thoroughfare running through the heart of Tbilisi, the capital. Markets teem with local and imported goods. Roads are clogged by cars.

But, as Georgian officials readily admit, the easy gains have already been made. "We have moved very quickly over the past two years by following the alphabet of reform," says Mr Chkvaseli. "We have prepared the foundations for

our economy but now we need to build the structure."

The government will now try to restructure the banking sector, tackle monopolies, press ahead with further privatisation, speed up bankruptcy procedures and improve the climate for foreign investors, he says.

Among the most important tasks will be to raise the government's tax revenue, which last year amounted to a paltry 6.8 per cent of GDP – one of the lowest rates in the world. More cash is desperately needed to modernise damaged infrastructure and strengthen the social safety net.

Although economic growth has enabled the government to raise pensions and wages, poverty remains endemic, with average GDP per head of only \$700. On some reckonings, the state pension is worth just 10 per

cent of the official minimum subsistence level. The jobless rate is more than 25 per cent nationally and welfare benefits are minimal.

Mr Chkvaseli says the government is pushing a new tax code through parliament which will simplify collection. It is also striving to improve tax administration by cracking down on corruption. But he concedes it will be a tough process since many Georgians have grown used to ignoring the state.

On the bright side, Georgian officials believe the coming oil boom in neighbouring Azerbaijan will benefit the whole of the Caucasus and that an export pipeline may be routed through their country.

Foreign investors have expressed interest in Georgia, but few are likely to commit substantial funds until political problems in

Abkhazia and southern Ossetia are resolved. An uneasy peace prevails there but a lasting solution remains elusive.

Without investments life for most people will remain hard. Mrs Eteri Kashrashvili, a 55-year-old part-time mathematics lecturer, says she receives just 14 lari (\$11) a month; her husband has a pension of just 8.5 lari. "It is not possible to live on our pensions," she complains. "But I have a son who works as a market trader and helps us."

In spite of such hardships, Mrs Kashrashvili, and many like her, welcome the fact that the disintegration of the Soviet Union gave Georgia the chance to seize its independence. "The Communists did not have any right to tell us how to live," she says. "For the first time in my life I feel I am a Georgian."



Tranquil corner: a bath house in Tbilisi

UNIT TRUSTS

WINNERS AND LOSERS

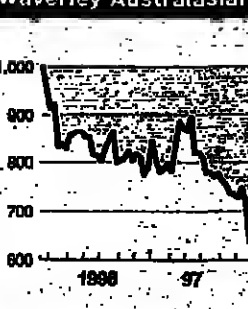
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,563
Invesco Hong Kong & China	1,512
Sovrat Greater China	1,389
Old Mutual North American Inc	1,330
Save & Prosper Financial Secs	1,318

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	385
Save & Prosper Gold & Exp	327
Mercury Gold & General	618
HSBC Japanese Smaller Cos	631
Waverley Australasian	639

Waverley Australasian



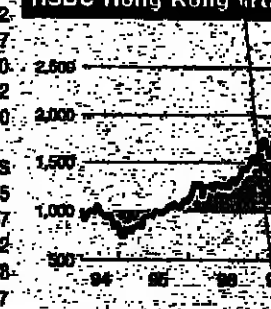
TOP FIVE OVER 3 YEARS

HSBC Hong Kong Growth	2,512
Profit Technology	2,427
PM North America Growth	2,350
Franklin Health	2,342
HSBC Hong Kong Growth	2,100

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	455
Save & Prosper Korea	467
Fidelity Japan Smaller Cos	532
Govett Japan Strategy	538
Five Arrows Japan Smaller Cos	547

HSBC Hong Kong Growth



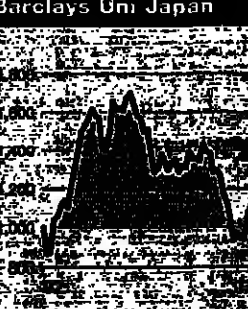
TOP FIVE OVER 5 YEARS

Profit Technology	2,427
PM North America Growth	2,350
HSBC Hong Kong Growth	2,342
HSBC Hong Kong Growth	2,100
HSBC Hong Kong Growth	2,100

BOTTOM FIVE OVER 5 YEARS

Old Mutual Thailand Acc	455
Save & Prosper Korea	467
Fidelity Japan Smaller Cos	532
Govett Japan Strategy	538
Five Arrows Japan Smaller Cos	547

Barclays Uni Japan



Mercury Japan



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: Reuters Hindsight (01625 511311)

Indices

Average Unit Trust	1038	1321	1935	2224	3.2	2.5
Average Investment Trust	1106	1385	2135	2551	4.5	4.8
Bank	1038	1112	1206	1834	0.0	4.3
Building Society	1030	1111	1213	1941	0.0	4.0
Stockmarket FTSE All-Share	1225	1688	2184	2636	2.8	3.5
Index	1038	1112	1206	1834	0.0	4.3

UK Growth

Johnson Fry Saver Growth	1232	1988	2373	-	3.8	0.8
Jupiter UK Growth	1041	1881	2288	-	2.8	1.2
Perpetual UK Exempt	1167	1750	2078	-	2.5	2.5
Perpetual UK Growth	1134	1688	2249	2848	2.4	2.3
Samoa UK Growth	898	1682	2040	-	2.9	1.8
SECTOR AVERAGE	1087	1470	1887	1989	2.8	1.8

UK Growth & Income

Fleming Select UK Income	1248	1736	2164	2316	2.7	3.8
Perpetual Income	1178	1707	2373	2615	2.4	2.7
HSBC Footsie Fund	1282	1644	-	-	2.8	2.5
Gartmore UK Index	1214	1840	2061	-	2.7	2.8
Profit UK Blue Chip	1153	1631	2038	-	2.7	2.7
SECTOR AVERAGE	1127	1487	1837	2171	2.7	2.6

UK Smaller Companies

Laurence Keen Smaller Cos	1039	1805	-	-	3.0	1.2
AES Smaller Companies	980	1750	2052	-	3.1	0.8
Gartmore UK Smaller Companies	1742	2317	1789	34	0.3	0.3
INVESTCO UK Smaller Companies	1039	1730	2514	1767	3.8	1.2
Britannia Smaller Cos Acc	1034	1674	2030	2035	3.2	0.4
SECTOR AVERAGE	942	1300	1844	1639	3.0	1.5

UK Equity Income

Jupiter Income	1119	1882	2329	-	2.7	4.0
Lazard UK Income	1138	1839	2182	2751	2.5	4.1
Royal Life High Income (Dis)	1161	1824	2025	2106	2.5	3.6
Britannia High Yield Inc	1115	1810	2210	2828	2.4	4.0
BWD UK Equity Income	1174	1808	2074	2353	2.8	3.4
SECTOR AVERAGE	1113	1429	1888	2186	2.8	4.4

UK Equity & Bond Income

Profit Extra Income	1083	1463	1836	2037	2.2	4.3
Clear Med Retirement Income Inc	1130	1451	1853	-	2.6	5.4
Abbey National Extra Income	1178	1447	2112	2618	2.3	5.1
Cazenove UK Equity & Bond	1104	1444	-	-	3.0	6.1
Edinburgh High Distribution	1088	1422	1707	1711	2.7	4.1
SECTOR AVERAGE	1088	1324	1714	1880	2.1	5.4

UK Eq & Bd

BWD Balanced Portfolio	1182	1850	2289	-	3.0	1.9
Perpetual High Income	1189	1598	2342	-	2.0	3.1
Credit Suisse High Income Port	1070	1537	2135	-	2.4	4.1
Centile Income Dis	1138	1485	1834	1998	2.0	3.1
Sun Life Managed Inc & Gr Inc	1144	1455	1791	2343	2.8	3.1
SECTOR AVERAGE	1107	1442	1820	2030	2.3	3.1

UK Fixed Interest

M&G Corporate Bond	1161	1377	-	-	1.8	6.8
Abstract Fixed Interest	1084	1325	1888	2432	1.7	6.8
Thornion Preference Inc	1088	1311	1888	2257	1.8	8.3
Britannia Gilt & Fixed Int Inc	1081	1287	1888	-	1.6	8.1
Allied Dunbar Corp & Gilt	1072	1284	1897	1883	2.3	8.7
SECTOR AVERAGE	1071	1238	1487	1965	1.7	6.7

UK Gilt

M&G Gilt & Fixed Interest	1147	1344	1448	1943	1.9	6.4
Murray Acumen Reserve	1097	1286	1432	-	1.4	6.7
Gartmore PS Fixed Interest	1117	1293	1438	-	1.8	7.1
Schroder Gilt & Fixed Int Acc	1073	1263	1401	-	1.8	7.0
Midland Gilt & Fixed Interest	1064	1259	1404	1852	1.8	6.4
SECTOR AVERAGE	1084	1208	1381	1930	1.5	6.9

International Equity Income

GT International Income Inc	1105	1433	2147	2626	2.5	2.4
Martin Currie Int'l Income	1127	1427	1988	-	2.6	3.8
Dolphin Int'l Gilt & Income	1079	1387	1834	1808	2.8	1.4
Mayflower Global Income	1082	1399	1965	2115	2.3	3.5
M&G International Income	1086	1333	2029	2338	2.3	4.2
SECTOR AVERAGE	1088	1334	1931	2103	2.5	3.0

International Fixed Interest

Baring Global Bond	1017	1248	1888	-	1.5	9.2
Old Mutual Worldwide Bond Inc	1021	1227	1488	-	1.8	5.9
Barclays Uni European Bond Inc	1056	1217	-	-	1.1	5.6
Schroder International Income Inc	976	1170	1431	-	1.6	4.7
Newton International Bond	1012	1168	1828	-	2.2	5.6
SECTOR AVERAGE	947	1088	1372	1656	1.9	5.3

International Equity & Bond

Bank of Ireland Ex Mgt Growth	1128	1476	2055	-	2.0	2.4
Bellif Gifford Managed	1088	1426	1834	2626	2.3	2.8
Fleming General Opportunities	1142	1424	1778	-	2.5	3.2
NPI Worldwide Income Inc	1025	1412	1010	-	2.5	1.5
Gartmore PS Long Term Balance	1108	1400	1860	-	2.3	2.7
SECTOR AVERAGE	1064	1300	1725	2195	2.2	2.4

International

Profit Technology	222	2427	4212	4494	8.8	-
Franklin Health	245	2242	2337	5083	7.2	-
Save & Prosper Financial Secs	216	1937	3089	3191	3.0	1.4
Save & Prosper Growth	220	1734	2843	3006	2.7	1.8
Franklin Financial	177	1897	3027	3859	2.8	0.5
SECTOR AVERAGE	192	1317	2042	2232	3.2	1.6

Nth America

HSBC US Smaller Cos	11	2512	3831	5880	5.8	-
PM North America Growth	11	2350	3834	4428	4.5	0.1
Edinburgh North American	11	2018	3483	3433	3.8	0.5
Gartmore American Emer Gth	91	1887	4112	4901	6.3	-
Royal Life United States	117	1864	3085	3687	3.8	0.3
SECTOR AVERAGE	108	1865	2822	2990	4.1	0.5

Europe

Jupiter European	1129	2072	3698	-	3.3	0.2
Baring Europe Select	1090	2322	2891	3042	3.7	0.8
Friends Prov European Gth	1173	223	2683	-	2.7	-
Allied Dunbar European Growth	1147	218	2577	3032	3.7	0.1
Gartmore European Sel Opps	1148	268	2563	3336	2.8	-
SECTOR AVERAGE	1116	38	2280	2782	3.0	0.7

Japan

Yuhon Currie Japan	018	44	2089	-	5.3	-
Japan Growth	948	9	1703	1430	3.8	-
Hidson Exempt Japan	887	9	1844	1175	5.2	-
May Japan Growth	888	04	1998	2108	5.0	-
Sapider Tokyo Inc	888	04	1998	2108	5.0	-
SECTOR AVERAGE	787	74	1489	1182	5.3	0.2

Far East inc Japan

Govt Greater China	1389	1468	2358	3440	4.7	-
Asia Pacific	908	1116	2201	3101	4.0	0.3
MarCom Far East	1002	1097	2222	2228	4.8	0.2
Schroder Far East Growth Inc	908	1074	2380	-	4.3	-
Unit Far East Growth Inc	949	1052	2389	-	3.7	0.6
SECTOR AVERAGE	908	973	2079	2379	4.2	0.6

Far East ex Japan

HSBC Hong Kong Growth	1583	2109	370	6431	8.7	0.8
INVESTCO Hong Kong & China	1512	1732	267	4032	6.8	0.4
Old Mutual Hong Kong	1280	157	273	4710	8.7	0.7
GT Okla Acc	1114	1554	304	-	5.7	0.1
Gartmore Hong Kong	1302	1524	272	5870	6.3	0.7
SECTOR AVERAGE	951	1103	211	3383	6.4	0.7

INVESTMENT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Baring Emerging Europe	2,625
Scottish National Capital	2,385
Fleming Income & Growth Capital	1,745
Baring Emerging Europe	1,615
Murray Spill Capital Capital	1,612

BOTTOM FIVE OVER 1 YEAR

Stam Selective Growth	473
Abstract New Thal	503
Korea Liberalisation Fund	508
East German	562
Fidelity Japanese Values	597

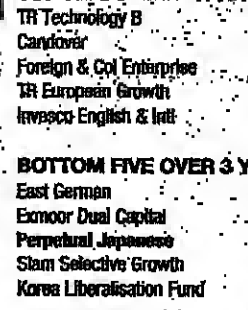
TOP FIVE OVER 3 YEARS

TR Technology B	3,627
Candover	2,333
Foreign & Col Enterprise	2,318
TR European Growth	2,170
Invesco English & Intl	2,126

BOTTOM FIVE OVER 3 YEARS

East German	394
Exxon Dual Capital	424
Perpetual Japanese	480
Perpetual Japanese Growth	487
Korea Liberalisation Fund	498

Perpetual Japanese



TOP FIVE OVER 5 YEARS

TR Technology B	3,627
Candover	2,333
Foreign & Col Enterprise	2,318
TR European Growth	2,170
Invesco English & Intl	2,126

BOTTOM FIVE OVER 5 YEARS

East German	394
Exxon Dual Capital	424
Perpetual Japanese	480
Perpetual Japanese Growth	487
Korea Liberalisation Fund	498

TOP FIVE OVER 10 YEARS

TR Technology B	3,627
Candover	2,333
Foreign & Col Enterprise	2,318
TR European Growth	2,170
Invesco English & Intl	2,126

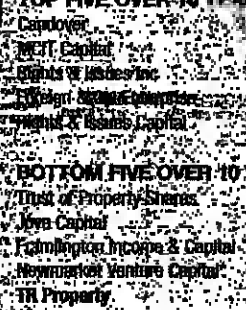
BOTTOM FIVE OVER 10 YEARS

East German	394
Exxon Dual Capital	424
Perpetual Japanese	480
Perpetual Japanese Growth	487
Korea Liberalisation Fund	498

Jupiter Primatona



TR Property



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

Fleming Claverhouse	1244	1828	2378	-2	4.1	2.3
Mercury Keystone	1167	1807	2817	2	4.0	2.6
Edinburgh UK Tracker	1249	1668	2098	4	3.6	3.8
Finsbury Growth	1124	1592	2296	10	3.8	2.3
Finsbury Trust	1195	1545	2499	8	2.6	2.2
SECTOR AVERAGE	1225	1492	2204	-	3.3	3.3

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OTHER UK UNIT TRUSTS

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res inc

Date	Description	Amount	Balance
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دکتر محمد باقر

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DATE	TIME	LOCATION	REMARKS
10/10/77	1700	1000	1000
10/11/77	1700	1000	1000
10/12/77	1700	1000	1000
10/13/77	1700	1000	1000
10/14/77	1700	1000	1000
10/15/77	1700	1000	1000
10/16/77	1700	1000	1000
10/17/77	1700	1000	1000
10/18/77	1700	1000	1000
10/19/77	1700	1000	1000
10/20/77	1700	1000	1000
10/21/77	1700	1000	1000
10/22/77	1700	1000	1000
10/23/77	1700	1000	1000
10/24/77	1700	1000	1000
10/25/77	1700	1000	1000
10/26/77	1700	1000	1000
10/27/77	1700	1000	1000
10/28/77	1700	1000	1000
10/29/77	1700	1000	1000
10/30/77	1700	1000	1000
10/31/77	1700	1000	1000

July 1, 1952

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Company	Price	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1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Dow rallies strongly at midsession

AMERICAS

With milder weather breaking a week-long heat-wave in New York, early afternoon temperatures cooled on Wall Street and stocks recovered some lost ground, writes John Labate in New York.

The Dow Jones industrial average rose throughout morning trading, gaining 100.65 to 7,754.90 by lunchtime. The Standard & Poor's 500 index edged up 7.31 to 890.98.

"There's been a lot of end of the quarter portfolio realignment," said Mr. Michael Metz of Oppenheimer.

Among major manufacturers, DuPont rose 3 1/2% at \$62 1/2 and Goodyear Tire & Rubber shot up 5 1/4% at \$63. Caterpillar, the machinery producer, surged ahead 2 1/2% at \$109 1/2, while General Electric gained 1 1/4% at \$66 1/2.

Agricultural producer Archer-Daniels-Midland rose 1 1/4% or 6.2 percent at \$23 1/2.

Taking the spotlight among traders were brokerage houses following takeover reports involving Nationsbank and Montgomery Securities. Hambrecht & Quist, the San Francisco-based investment bank, plunged 3 1/2% or 8.4 percent at \$31 1/2, while Donaldson, Lufkin & Jenrette Securities

dipped 3 1/4% at \$62 1/2. Lehman Brothers fell 3 1/4% at \$42 1/2. Banking stocks were mixed, with most on the uptrend. Citicorp rose 3 1/4% at \$122 1/2 but Nationsbank lost 3 1/4% at \$65 1/2.

The technology-weighted Nasdaq composite index edged up 3.65 to 1,440.03 with major computer and software companies trading in a stable range. Among the main movers were Compaq Computer, down 3 1/4% at \$89 1/2, and Dell Computer which slipped 1 1/4% at \$117 1/2. Network computer leader 3-Com dipped 3 1/4% at \$46 1/2.

TORONTO ignored the rally on Wall Street to move lower in the face of renewed bullion price squalls and weakness for bank shares. At the noon calculation, the 300 composite index was off 24.95 at 6,428.70.

Spot bullion opened badly in New York, moving down to \$338 an ounce and sending gold investors rushing to the exits. Barrick Gold fell 45 cents to C\$60.70 and Placer Dome tumbled 65 cents or 3 percent to C\$22.65.

Banks took fright at news that Moody's had placed Royal Bank of Canada under review for a possible debt downgrade. Its shares fell 40 cents to C\$28.15.

Caracas advances further

CARACAS continued to rally strongly on confirmation that electricity tariff increases were above market expectations.

According to leading utility Electricidad de Caracas, the rate rise would average out at around 75 percent over the next six months.

The news galvanised the share market. Electricidad shares surged 36 bolivars to 728 bolivars and at midsession the IBC index, which hit new highs in each of the previous six sessions, was 213.01 or 2.5 percent ahead at 8,773.14.

SANTIAGO moved ahead modestly, helped by a strong start for electricity producers and a notably strong run for fertilizer leader Scoumich which jumped 1.9 percent. At midsession, the IPSA index was up 0.46 at 131.59.

MEXICO CITY gained ground on the back of the strong start on Wall Street and a renewed bout of foreign buying. Glass group Vitro rose 85 centavos to 29.10 pesos and Carso surged 1.40 pesos to 57 pesos. The IPC index was 21.46 ahead at 4,486.46 at midsession.

Zurich Group helps bourse to third peak

EUROPE

Gains in the financial sector helped ZURICH to rebound from early losses to close at a third consecutive record high.

Zurich Group was once again the centre of attention as it confirmed some long-standing speculation that it was to buy Scudder, Stevens & Clark, the US asset manager.

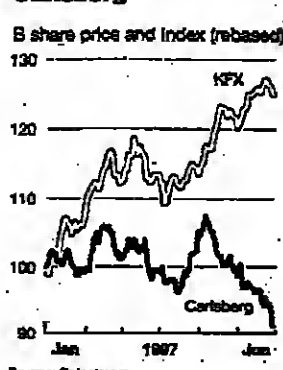
Zurich Group rose SF11 to SF7600, confirming the market's positive view of the \$21m deal. Analysts noted that the transaction was the insurer's second major purchase of an investment company in less than two years and it highlighted Zurich's determination to be a force in the US investment management sector.

The upbeat mood spilled over to SBC and CS Group as rumours emerged that the banks would integrate their information technology operations. SBC rose SF719 to SF7365.50 and CS Group was marked SF7 higher at SF7196.

The SMI index finished 30.4 higher at 5,700.3.

Trading volumes continued to catch the eye in

Carlsberg



PARIS where 31.1m shares changed hands and the market ended another hectic session marginally lower.

Rhône-Poulenc, which soared more than 19 percent on Thursday on plans for a radical corporate reshuffle, ran into profit-taking, dipping FF11.20 to FF241.3. But LVMH was a strong feature and a number of media shares were also heavily in demand.

LVMH rose FF39 to FF21,547 on rumours that it was close to a deal with the Metropolitan of the UK in which the luxury

goods group has been stake building in recent sessions.

Canal Plus jumped FF50 or 4.6 percent to FF1,130 after investors learned that the company's talks with Bertelsmann of Germany aimed at share swaps were continuing.

Publicis rose FF28 to FF616 on hopes that a US associate might be in bid talks. Havas, seen as a potential participant in any takeover action, added FF14.50 to FF242.5.

Steelmaker Usinor, due to be promoted to the leading CAC index later this month, rose FF4 to FF707.50. The CAC 40 index closed down 2.60 at 2,891.04.

FRANKFURT turned back from the record levels established on Wednesday and Thursday and the bids faded. Dax index finished 10.54 weaker at 3,809.82.

Analysts said that there was little news to affect the market and share prices moved largely in tandem with those on the German bond market, where trading was also quiet.

Rotating interest in all the blue chip areas supported the market during the week with banks, chemicals and

FTSE Actuaries Share Indexes

Jun 27		THE EUROPEAN SERIES										
Hourly Changes	Open	10 30	11 00	12 00	1 00	14 00	15 00	Close				
FTSE Eurotrack 100	2529.19	2520.79	2529.87	2531.64	2532.04	2532.21	2534.44	2535.20				
FTSE Eurotrack 200	2505.12	2505.86	2507.22	2510.22	2511.10	2508.88	2508.20	2508.54				
		Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20				

THE BLOCKING OF THE BASS/CARLSBERG-TETLEY DEAL

Decision will keep the industry under pressure

Mrs Beckett has signalled there will be no return to big brewers dominating UK beer production, says Ross Tieman

Whether enjoying a quiet pint after work, or downing shorts on a Friday night bender, few Britons will have spared a thought yesterday for what the government has done to improve their evening out over the past decade. Squidgy pubs have been refurbished, new bars opened, and a far wider range of beer is now readily available. The vertical tie between brewer and pub that shut out both investment and choice is collapsing fast.

Yesterday Mrs Margaret Beckett, the trade and industry secretary, slammed the shutters firmly on an effort by two of Britain's biggest brewers to regain the kind of market power they used to enjoy in the old days.

By blocking the proposed takeover by Bass Brewers of Carlsberg-Tetley, she has sent a clear signal to the brewing industry that any attempt by a handful of leading companies to dominate UK beer production will be thwarted.

Bass's attempt to become Britain's biggest brewer, with 37 per cent of the UK market, has its roots in the government beer orders published eight years ago.

Introduced after a lengthy competition inquiry, these set out to reduce progressively the arrangement, known as the tie, whereby brewers owned large estates of public houses which were obliged to sell their beers, and no others.

The beer orders obliged the biggest brewers to divest part of their pub estates. Some of these pubs were detached into arms-length companies; others were bought by regional brewers or by opportunist entrepreneurs who created a new kind of independent pub retail company, responsive to consumer taste rather than brewery production targets.

The industry overhaul is incomplete. As the Monopolies and Mergers Commission report published by Mrs Beckett yesterday puts it: "The beer industry in the UK is in transition."

Since 1989, the number of national brewers has fallen from six to four, as Courage merged first with Grand Metropolitan's brewing arm and then Scottish & Newcastle.

Scottish Courage, the beer division of Scottish & Newcastle, has emerged as the UK's biggest brewer, accounting for 28 of every 100 pints sold.

Under a complex deal signed last August, Bass - number two in the industry with 23 per cent of the market - planned to merge operations with Carlsberg-Tetley, ranked third with 14 per cent. C-T had already rejected a merger with Whitbread, which is fourth with 13 per cent.

Bass and Carlsberg reckoned that by combining UK brewing and distribution they could have saved £30m a year, a key step in rebuilding profitability.

Consumption of beer in the UK has been declining gently for years. But since 1985, the proportion of production sold by off-licences and supermarkets has grown from 17 per cent to 28 per cent.

Brewers now own only one pub in three, compared with more than half in 1985. New, independent pub chains account for a third of the total.

As the amount of beer sold through their pubs has slumped, brewers have been forced by the independent retailers to compete on price.

There has been a massive shift in market power. According to the MMC, the wholesale price of beer has fallen by 8 per cent in real terms over the past four



years. During the same period, prices paid by drinkers have risen by 10 per cent.

The MMC concluded that merging C-T with Bass Brewers would give Bass a "significant" increase in market power. If it were allowed to proceed, the four-man inquiry said, "we expect wholesale and on-trade retail prices of beer to be higher in the longer term than would otherwise be the case. On-trade retailers and the consumer would suffer."

The MMC said regional brewers and independent wholesalers would also be disadvantaged, because Bass Carlsberg-Tetley might choose to cut prices in target markets.

With the deal blocked, both Bass and Carlsberg, the Danish parent of C-T, are expected to introduce sharp cost-reduction measures in an effort to improve the cash flow and returns on capital of their brewing businesses.

The Transport & General Workers' Union estimated that the merger would have cost 2,000 jobs. Blocking it might cost more.

Sir Ian Prosser, Bass chairman, said last night that Bass Brewers, which operates eight breweries in the UK, would respond to the block with a two-fold strategy. On the one hand, it would continue to build high-margin brands such as Caffreys and Carling Premier. On the other: "We will continue to look to reduce our cost base."

Carlsberg told the MMC that it feared C-T, which has five brew-

eries but no tied estate of its own, "might be unable to survive in current market conditions" if the deal was blocked.

Mr Ebbe Dinesen, chief executive, will brief employees on cost reductions on Monday. But both C-T and its parent say they are now confident that C-T, with five breweries and two strong brands - Tetley bitter and Carlsberg lager - can survive. If that is so, the block will keep the industry under pressure, but consumers will not be disadvantaged.

secretaries of state are doing something different from that recommended by the MMC. It is helpful if they give some explanation. In terms of open government it is certainly a good thing."

It is understood that some officials advised against increased disclosure because it would lay the government more open to judicial review. But Mrs Beckett was determined to make the change in the interests of open government.

She was unhappy that she had been unable to explain her recent decision to refer the acquisition of two rail franchises to the MMC, having been advised against giving further details.

COMPETITION POLICY By Robert Rice and David Wighton

Pundits search for hints of decisions to come

The blocking of the Bass/Carlsberg-Tetley merger provided the first real indication of the tough pro-competition policy Labour intends to follow.

While warning against reading too much into a single decision - particularly one involving the brewing industry, where Labour's concerns about consolidation are well known - competition experts said the indications were Mrs Margaret Beckett intended to follow a much more straightforward approach to merger control than the previous administration.

"When you look at this decision and the National Express rail referral, it feels

almost like back to the days when Ridley and Redwood were at the DTI, when the attitude was 'if in doubt refer or say no', said one City competition lawyer.

According to a senior adviser to Labour on competition policy, the decision was a clear indication that Mrs Beckett was prepared to block mergers which raised competition concerns and that she was not going to be overly swayed by other considerations, such as the effect on employment.

He said: "Rather than looking for the fancy adjustments and compromise solutions, such as undertakings, which the OFT and MMC

have gone for in recent years, I think she will be more ready to do the obvious thing and block mergers which raise competition concerns."

But colleagues of Mrs Beckett insisted the decision did not imply that she would be more inclined to block deals than accept undertakings.

"She looked long and hard at the divestment option, but, as the statement makes clear, in the end she agreed with the minority Monopolies Commission view that the remedies would not work," said a close colleague.

However, according to Mr Bill Bishop of Lexecon, the

economic consultant, there are signs that this tough line is not just a trend emerging in the UK. "Mergers are getting harder worldwide."

He cited the European Commission's decision to stop the Blokker group's acquisition of the Dutch Toys "R" Us stores and the Staples case in the US as other examples of the authorities refusing to do deals.

"In recent years, the main question in difficult mergers has been: What will we have to give up? Now the question is becoming: Will we be allowed to do the deal at all?"

Competition lawyers said the decision also appeared to

indicate a shift in policy on vertical integration.

"It seems to be saying we should have more players in production and not be so concerned about vertical integration - almost a 1980s and 1970s approach to industry structure," one competition lawyer said.

Observers have largely discounted Mrs Beckett's earlier decision to refer the National Express rail franchise acquisition to the MMC as an indicator of her approach. It was her first decision and was seen as highly political.

The utilities, another observer suggested, would be "the bigger test because there are no competition

issues involved, so there will be no fig leaves to hide behind."

Nevertheless, the implications of yesterday's decision for the proposed merger of the P&O and Stena Lines' ferry operations, in the English Channel and for other deals, such as the proposed Littlewoods purchase from Sears of the Freemans mail order business, are not encouraging.

"On the logic of this decision, allowing the cross-Channel ferry market to go down from the Channel tunnel and two ferry operators to the tunnel and one ferry operator will be inherently unattractive to her," one said.

Explanation welcomed as sign of open government

The City yesterday welcomed the government's decision to publish a full explanation of the secretary of state's judgment on a merger case for the first time, writes David Wighton.

Rather than the normally terse announcement, the Department of Trade and Industry put out a three-page press release in which Mrs Beckett explained why she disagreed with the majority MMC view on divestment.

City advisers said the move should make merger control decisions more predictable. Mrs Dorothy Livingston, competition partner at City lawyers Herbert Smith, said: "If

secretaries of state are doing something different from that recommended by the MMC, it is helpful if they give some explanation. In terms of open government it is certainly a good thing."

It is understood that some officials advised against increased disclosure because it would lay the government more open to judicial review. But Mrs Beckett was determined to make the change in the interests of open government.

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The most stoical brewer, probably

By Hilary Barnes in Copenhagen

Carlsberg yesterday accepted the setback of the government's ruling with stoicism, declaring that the decision had not come as a surprise and the group had had time to work out a well-developed plan for Carlsberg-Tetley's future.

In evidence to the Monopolies Commission, Carlsberg-Tetley had indicated that it might have difficulty in surviving as a stand-alone company, with no tied houses of its own and no long term supply agreement.

However, Ms Agnete Roscoe-Nielsen, vice-president in Carlsberg's international division, said this was how the position had looked in the autumn of 1995 and it did not look the same now.

She declined to go into details of its plan, but said it included rationalisation and savings. "We will try to develop the company on our own, and we believe that we can do this. We are not looking for a partner at the moment." Many new opportunities had been uncovered during preparations for the Bass deal and "we have a clear idea how to get there".

Since the merger plan was announced, Carlsberg-Tetley has negotiated a long-term beer supply agreement with Allied Domeq.

Despite the company's upbeat tone, the markets

were disappointed and Carlsberg B shares closed 2.5 per cent, or Dkr13, down at Dkr183.

The Carlsberg Brewery at Northampton, which was started up in 1971, was one of the first and most important international ventures by the group, which made the disappointment in Copenhagen all the greater yesterday.

But Ms Roscoe-Nielsen noted that the group's recent interim results were upbeat on Britain. Sales of Carlsberg's own brands were up, and, given the uncertainty for both employees and customers, Carlsberg-Tetley's results in the UK were described as "extremely satisfactory".

However, the Danish company is expanding rapidly in other markets around the world, notably in eastern Europe and Asia. It sells 84 per cent of its beer - some 32m hectolitres - outside Denmark, brewed at 67 breweries.

Carlsberg is not all beer, however. It bottles and distributes Coca-Cola in Denmark, where soft drinks play an important part in both sales and earnings.

Royal Copenhagen, the glass, porcelain and silverware company, is a Carlsberg subsidiary and it also controls a majority of the shares in Tivoli, Copenhagen's well-known amusement park.

William Hill bid widely expected

By Peggy Hollinger and Scheherazade Daneshkhu

Bass, for its part, was confident yesterday that the DTI decision did not mean the end of its growth prospects. In fact, it is likely to have hardened the group's resolve to expand its brewing interests internationally, given the apparent block on acquisitions in the UK.

The company is expected in the next few weeks to announce a further purchase in the Czech Republic, where it already owns two breweries. It also has a brewery business in China.

In the UK, too, Bass believes it can improve profits through distributing and wholesaling its products more efficiently.

The group is also keen to make acquisitions in its Holiday Inn hotels business, particularly for the premium Crowne Plaza and economy Express brands.

Analysts said Bass would have no trouble funding sizeable acquisitions. Debt, at £1.04bn, was 26 per cent of shareholder funds last year, and is believed to be coming down rapidly.

The return of £140m from unbundling the Carlsberg-Tetley stake will strengthen the balance sheet. However, after accounting for dividend and profit gains on the stake, Bass will be left with a loss on its initial £200m investment of about £20m.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends recommended (p)	Total for year	Total for year
Anglo St James	Yr to Dec 31	3.07 (0.795)	0.112 (0.086V)	0.51 (0.38)	Nil	Nil	Nil	Nil
Bata Resources	Yr to Dec 31	0.804 (0.302)	10.71 (4.91)	0.60 (0.33)	Nil	Nil	Nil	Nil
Cannock Brothers	Yr to Apr 30	8.32 (7.04)	0.051 (0.401)	0.08 (0.37)	Aug 22	2.25	3	3
Health (CE)	Yr to Mar 31	194.8 (182.4)	13.0 (21.7V)	14.2 (8.6)	Nil	3	1.5	6
Health (Sumit)	Yr to Mar 31	10 (8.44)	0.728 (0.338)	15.7 (22.7)	Aug 12	4	7	7
Homebrew Brewery	6 mths to Apr 30	4.46 (4.2)	0.026 (0.04)	9.3 (8.2)	July 1	9	7	7
Ivory & Stone	Yr to Apr 30	20.5 (17.3)	8.89 (5.3)	14.4 (13.7)	Sept 5	5.75	9	8.25
Jacobsen	Yr to Mar 31	7.22 (7.1)	0.404 (0.359)	12.12 (8.42)	Nil	Nil	Nil	Nil
London Asia	9 mths to Dec 31	0.052 (0.058V)	0.034 (0.036)	2.74 (2.11)	Nil	Nil	Nil	Nil
Monsieur	Yr to May 2	44.8 (28.6)	8.2 (5.3)	15.89 (11.89)	Oct 1	3.35	6	5
Messager	Yr to Mar 31	28.6 (25.3)	1.82 (1.57)	4.5 (5.5)	Oct 15	1.2	2	1.8
Monmouth	Yr to Dec 31	2.11 (1.88)	2.31 (1.81)	10.11 (8.91)	Nil	Nil	Nil	Nil
Partridge Fine Arts	6 mths to Apr 30	8.37 (7.52)	1.45 (1.31)	4.42 (3.97)	Sept 9	1.4	1	1
Prior	Yr to Mar 31	3.57 (3.12)	0.615V (0.203V)	7.98 (4.78)	Aug 8	3	3.5	3.1
Produce Int'l	Yr to Mar 31	0.573 (1.06)	3.82 (6.4)	7.31 (14.58)	Nil	Nil	Nil	Nil
Regis	6 mths to Feb 28	0.81 (0.577)	0.103 (0.105)	0.48 (0.47)	Nil	Nil	Nil	Nil
	NAV (£m)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends recommended (p)	Total for year	Total for year
B2W Commodities	6 mths to Apr 30	141.3 (143.5)	3.78 (3.04)	4.8 (3.0)	Nil	0.75	0.5	0.75
Scotcher Leth	Yr to Apr 30	114.76 (83.12)	0.36 (0.587)	0.72 (1.17)	Nil	Nil	Nil	Nil

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. British currency. All other exceptional charges. All other exceptional credit. 20m reduced capital. 10m increased capital. *Comparatives missing. **Vtm stock. ***Revised. ****Revised.

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COMPANIES AND FINANCE: INTERNATIONAL

Montgomery may be sold for \$1bn

By John Authers in New York

Montgomery Securities, the San Francisco investment bank, is in talks to be acquired by a commercial bank, and North Carolina-based NationsBank, the fourth largest in the US, is by far the most likely acquirer.

Neither Montgomery nor NationsBank would comment on the speculation, which has been mounted on Wall Street for several days. However, analysts expect a deal to be announced early next week, and a price of about \$1bn to be paid for Montgomery, which is privately held.

A link between the two would continue the trend for the larger US commercial banks to acquire small investment banks, using new powers to diversify into securities underwriting granted them earlier this year by the Federal Reserve. They can now derive up to 25 per cent of their revenues from this source, rather than the previous limit of 10 per cent.

BankAmerica, the third-largest US bank by assets and the largest retail bank on the west coast, bought Robertson Stephens, another San Francisco investment bank, for \$540m earlier this month. In May, also taking advantage of

the Fed's new rules, Swiss Bank bought Dillon Read, a privately held Wall Street stockbroker, for \$80m. And Bankers Trust bought Baltimore-based Alex. Brown, one of the largest regional stock brokers and investment banks.

Mr Rodgin Cohen, banking acquisitions specialist with Sullivan & Cromwell, the Wall Street law firm, said: "All of the investment banks in the deals we've seen to date have had a particularly heavy bent towards equity underwriting, and that's not coincidental; that's what banks want to do, that's where they lack expertise, and it's very expensive to buy people to do it."

The background trend apart, a deal between NationsBank and Montgomery would fit with both companies' declared strategies. NationsBank is primarily a retail franchise with a branch network in 16 mainly southern states. Mr Hugh McColl, NationsBank chief executive, has made no secret of his desire eventually to reach the west coast.

It also has a sizeable corporate and investment banking business, which is primarily aimed at medium-sized companies with non-investment grade debt, and does not aim to compete directly with the largest New York investment

banks. It lacks the ability to arrange initial public offerings.

According to NationsBank: "We've said for some time that we want to provide a full array of services for our clients, and a very critical step in the growth of a company is often a public offering. We don't want to lose our clients when we have taken them that far."

Montgomery has built a reputation as a specialist in initial public offerings, performing more than 100 last year alone, mostly in the lucrative Californian sectors of high-technology, healthcare and media.

INTERNATIONAL NEWS DIGEST

Failed Storebrand merger hits shares

The price of shares in Storebrand, the Norwegian insurer, and in Christiania Bank slid yesterday after a shareholder rebellion at Storebrand on Thursday night stopped a merger between the two companies. Storebrand was down Nkr2.80 to Nkr44.50, while Christiania slid 30 ore to Nkr24.80 at the close.

"A unique opportunity" for Storebrand to distribute products through Christiania's branch network had been missed, Mr Aske Korvold, architect of the merger and chief executive of Storebrand, told the FT. The combination would also have given the group the size it needs for international expansion, and improved group earnings by at least Nkr500m (\$88.9m) through rationalisation and improved business opportunities. "It's back to the drawing board," he said.

The merger collapsed at a five-hour meeting of 1,400 Storebrand shareholders at the Oslo Concert Hall, when the board's proposal fell short of the necessary two-thirds majority. The merger was stopped by the two biggest shareholders in Storebrand, each holding about 10 per cent of the shares. They are Orkla, the industrial and investment group, and Mr Kjell Inge Røkke, the colourful entrepreneur who last year acquired a controlling holding in Aker, the offshore engineering company.

Critics of the merger said the new group would be under the control of the state, through the state's 51 per cent holding in Christiania Bank, and through holdings in both groups on the part of state-owned companies and investment funds. Mr Tom Vidar Rygh, Orkla finance manager, said that Orkla did not regard state dominance in the proposed new group as in the interests of shareholders. "But this is not an ideological issue," he said. Mr Røkke did not speak at Thursday night's meeting, but told reporters afterwards that he concurred with Orkla's judgment.

Hilary Barnes, Oslo

Itaú pays less for Banerj

Banco Itaú, the second-largest private bank in Brazil, will only pay about R\$155m (US\$144m) for Banerj, the Rio de Janeiro bank - equivalent to half the headline consideration for the acquisition. Itaú bought Banerj for R\$311.1m at an auction on Thursday at the Rio stock exchange. However, Mr Roberto Setubal, Itaú chairman, said it would pay for Banerj mainly with privatisation currency, a type of government security, which can be acquired in the market at about half its face value.

Mr Setubal said Itaú was not put off by concerns over Banerj's pension fund liabilities. "We have had hundreds of hours of lawyers examining the liabilities. We know the problem well and understand the risks, which was why we were willing to buy Banerj," he said.

Eight financial institutions pre-qualified to buy Banerj and four presented the financial guarantees needed to participate in the auction. However, in part because of worries about Banerj's future pension liabilities, Itaú was the only bank to bid.

The acquisition of Banerj, which Mr Setubal said had assets of about R\$3bn, brings Itaú close behind Bradesco in the ranking of private sector banks in Brazil and is expected to intensify the competition between the two. By adding Banerj's 166 branches in Rio de Janeiro to the 120 it already has, Itaú has become the biggest bank in terms of branches in the south-eastern state.

Mr Setubal said Itaú was unlikely to bid for Credreal or Banco Meridional, which are expected to be sold off this year. But he did not rule out a bid for Banepa.

Geoff Dyer, São Paulo

Scudder deal shows pension ambitions

Behind Scudder, Stevens & Clark's decision to join forces with the Zurich Group lies the goal of managing newly privatised state pension schemes across the globe, and expanding in the US corporate pension market.

Mr Edmund Villani, Scudder president, said yesterday: "It was essential to be a major participant in the development of pension funds and mutual funds worldwide. Funded retirement and pension fund systems will develop in countries that don't have them today. We believe they will develop with US defined contribution pensions as the model."

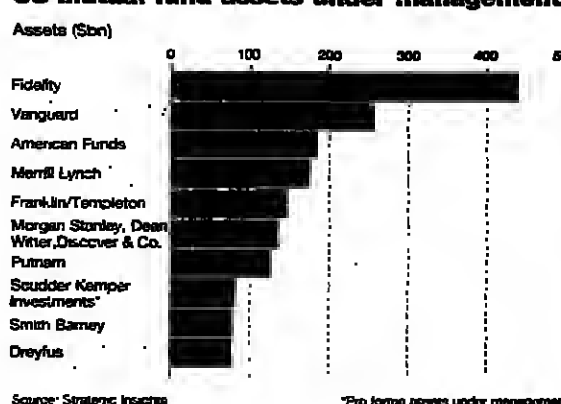
"Our hope and belief is that this provides the springboard, from a technology and know-how perspective,

for us to compete."

Most of the largest US mutual fund companies want a presence outside North America, although most are aiming to do this via joint ventures, rather than acquisition. This month Boston-based Putnam Investments unveiled an arrangement with Nippon Life of Japan, the world's largest life insurer.

But Mr Villani said: "We wanted a serious partnership rather than a one-off deal with a partner who wanted help with training. I've been in discussions about joint ventures in a number of countries and we came to the conclusion that that was not the optimum way to build a global asset management business." It was also important for Scudder to have an ownership stake.

US mutual fund assets under management



The deal hastens realignment in the competitive US mutual fund industry, which is still attracting new money at a record speed. Net investments across the industry

totalled \$33.15bn last month. Zurich had already acquired Chicago-based Kemper Investments, which is a similar size to Scudder. Kemper holds \$40bn in

mutual fund assets to Scudder's \$42.6bn, and Kemper manages \$79.3bn in assets overall against \$117.9bn for Scudder, which has a much stronger institutional business. Both advertise heavily on television, attempting to build a consumer "brand".

However, both companies individually were outside the front rank of US fund managers, with Scudder ranking 18th in mutual fund assets, and 23rd in total assets. But the new entity, to be known as Scudder Kemper Investments, is now one of the 10 largest mutual fund providers.

The new Scudder Kemper has the scale to compete in the market for the defined contribution pension plans known as 401(k)s. The systems involved to manage the plans are expensive,

John Authers

BHP profits hurt by write-offs of A\$1bn

By Nikk Tait in Sydney

BHP, the Australian resources group, yesterday announced write-offs totalling almost A\$1bn (US\$750m), which sent its tax profits plunging from A\$165m last year to A\$10m for the year to the end of May.

Analysts welcomed the asset write-downs and redundancy charges at the "Big Australian" and the

shares closed 9 cents higher at A\$19.15.

Profits after tax but before abnormal charges rose 7.2 per cent to A\$1.35bn while earnings per share on this basis rose 5 per cent higher at 81.5 cents.

Mr John Prescott, chief executive, did not expect further write-downs or abnormal charges this year.

The biggest single charge was a A\$500m write-down in respect of the North Ameri-

can copper business, largely because of the A\$3.2bn acquisition of Magma Copper in 1996. The deal was applauded at the time, but most analysts now believe the company overpaid.

Yesterday's results also included a A\$185m write-down of "older" assets in the minerals division's asset portfolio, as well as a A\$200m charge for plant closures and redundancies in the steel division. BHP has

already announced an end to steelmaking in Newcastle.

Together with a A\$124m refinery write-down in the petroleum division, the total net abnormal charges came to A\$976m after tax.

On the operating front, group sales rose 12.6 per cent to A\$23.3bn, helped by Magma and Tubemakers acquisitions and by higher prices for iron ore, coal, oil and natural gas. These positive trends were only partly

modified by lower steel and copper prices.

The minerals division saw profits before abnormal charges 3.4 per cent to A\$425m with the exchange rate knocking A\$74m off the result.

The copper unit achieved a profit before abnormal charges of A\$42m, down 6.2 per cent.

Lower average prices accounted for part of copper's shortfall, but BHP said there were still "operational

difficulties" in the North American mining operations, and lower despatches from Ok Tedi in Papua New Guinea due to lack of rainfall.

The petroleum division performed strongly, reporting a record A\$660m profit before abnormal charges, on higher oil prices. The steel division fell 6.4 per cent to A\$333m with raw steel production dipping 2 per cent to 8.46m tonnes.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-ordinator of the indices.

Regional Markets and Standard & Poor's in conjunction with the Faculty of Agriculture and the Institute of Agriculture, Hainan University, Haikou, P. R. China, was a co-author of the indices.																	
REGIONAL MARKETS										DOLLAR INDEX							
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	DM Index	Local Currency Index	52 week High	52 week Low	Year Ago	Year Ago		
Australia (76)	238.59	-0.4	212.30	171.47	214.41	211.66	-0.2	3.64	239.34	213.44	172.52	214.63	212.04	240.82	186.44	203.53	
Austria (24)	192.29	-0.5	171.11	138.20	172.61	172.71	-0.2	1.83	193.32	172.28	139.24	173.22	173.14	200.52	174.70	186.06	
Belgium (28)	225.41	-0.2	225.49	182.12	227.73	225.83	0.1	3.21	235.91	228.54	182.97	227.51	222.73	255.67	201.70	208.47	
Brazil (20)	303.61	-1.6	270.33	216.34	273.03	601.85	-1.6	1.23	306.71	275.07	222.34	276.61	611.72	306.71	170.26	181.88	
Canada (112)	208.24	0.1	168.18	150.37	168.04	209.06	-1.0	1.81	208.00	166.23	150.53	167.27	211.24	212.99	154.12	159.86	
Denmark (23)	387.13	-0.7	344.48	278.22	347.50	346.75	-0.4	1.47	389.94	347.45	280.85	348.40	346.17	382.73	300.96	300.96	
Finland (28)	236.31	-0.4	227.44	181.77	229.80	225.45	-0.1	1.77	237.65	226.58	187.40	227.51	222.73	255.67	201.70	208.47	
France (90)	235.40	0.5	209.47	169.18	211.55	215.38	0.6	2.63	234.19	208.67	169.67	209.84	213.99	235.40	186.94	195.71	
Germany (59)	219.75	-0.1	195.54	157.83	197.48	187.48	0.2	1.43	219.98	196.01	158.44	187.11	197.11	218.98	186.70	171.98	
Hong Kong (69)	538.08	0.6	477.03	385.27	481.78	533.24	0.8	2.84	533.03	474.35	383.91	477.81	533.02	538.36	407.55	432.68	
Indonesia (27)	244.08	-0.4	217.25	175.42	218.56	363.87	-0.1	1.91	246.11	210.30	177.26	220.52	268.86	320.85	269.57	258.82	
Ireland (17)	350.34	-1.2	311.75	251.78	314.84	326.64	-0.6	2.94	354.80	315.98	255.39	317.73	328.66	354.64	270.86	283.96	
Italy (58)	97.96	-1.0	87.17	70.40	88.04	123.59	-0.5	2.04	98.82	86.14	71.25	88.84	124.27	99.92	73.20	82.16	
Japan (88)	141.12	0.3	125.58	101.42	126.82	101.42	0.1	0.78	140.88	125.35	101.32	126.05	101.32	137.87	107.57	157.07	
Malaysia (107)	1258.55	-0.4	507.34	404.53	507.34	492.62	-0.1	1.40	1258.55	507.34	404.53	507.34	492.62	1258.55	507.34	492.62	
Mexico (21)	1258.55	1.2	1413.62	1141.95	1427.52	1382.00	1.3	1.35	1570.00	1399.63	1131.34	1407.48	1364.92	1588.85	1110.35	1217.77	
Netherlands (19)	404.36	0.1	358.94	290.83	353.41	359.17	0.4	2.17	403.96	359.84	290.84	351.95	357.70	404.36	279.86	258.82	
New Zealand (14)	52.41	0.5	82.23	68.41	83.04	71.39	0.2	4.07	81.96	81.94	68.23	82.40	71.24	85.00	78.04	78.93	
Norway (41)	278.52	-0.3	227.44	181.77	229.80	225.45	-0.1	1.86	278.52	227.44	181.77	229.80	225.45	278.52	181.77	229.80	
Philippines (22)	168.36	-0.8	149.61	120.59	151.30	221.29	0.8	0.86	166.86	148.78	120.24	148.59	218.44	-	-	-	
Singapore (42)	389.80	-0.8	344.28	278.08	347.70	254.39	-0.9	1.20	390.31	347.77	281.11	348.72	298.61	448.01	360.08	419.57	
South Africa (44)	369.92	0.4	324.83	261.54	327.05	358.80	0.5	2.41	362.40	322.81	261.01	324.72	356.96	370.12	301.49	368.43	
Spain (35)	278.52	-0.3	227.44	181.77	229.80	225.45	-0.1	1.86	278.52	227.44	181.77	229.80	225.45	278.52	181.77	229.80	
Sweden (48)	484.82	0.0	431.41	348.43	435.89	552.88	0.2	1.86	484.83	432.08	348.26	434.51	551.52	484.83	334.33	337.01	
Switzerland (36)	317.50	0.1	282.53	228.18	285.33	283.41	0.2	1.18	317.31	282.73	228.53	284.32	282.78	317.50	231.69	241.85	
Thailand (43)	57.84	6.2	51.29	41.43	51.80	57.89	6.4	5.11	54.28	48.36	39.08	48.36	54.41	172.82	47.55	163.42	
United Kingdom (212)	305.87	-0.5	272.12	219.78	274.82	272.12	0.4	3.71	304.27	271.12	219.15	275.84	271.12	302.51	229.63	230.85	
USA (67)	357.85	-0.6	317.52	257.25	321.96	357.85	-0.6	1.72	360.06	320.84	259.34	322.84	360.06	363.96	254.79	270.07	
Americas (518)	327.88	-0.8	291.72	235.61	294.61	276.08	-0.6	1.71	329.87	293.75	237.44	295.39	277.73	332.73	233.08	246.79	
Europe (726)	273.08	0.1	242.98	198.25	245.41	252.08	0.3	2.55	272.67	242.98	198.26	244.32	251.37	273.08	204.71	210.03	
Nordic (150)	411.46	-0.2	366.14	293.71	369.77	407.11	0.1	1.90	412.13	367.22	295.83	369.28	408.91	412.13	291.45	304.39	
Pacific Basin (889)	158.99	0.3	141.48	114.26	142.86	158.99	0.1	1.23	158.99	141.30	114.22	142.10	115.32	170.48	127.13	153.71	
Euro-Pacific (628)	206.60	0.2	183.84	148.48	185.67	187.12	0.2	1.86	206.19	183.72	148.51	184.75	185.78	206.60	173.55	185.85	
North America (759)	348.78	-0.6	310.36	250.66	313.44	348.05	-0.6	1.72	350.73	312.51	252.61	314.27	350.19	354.27	248.05	263.28	
Europe Ex. UK (514)	248.66	0.0	221.27	178.70	223.46	234.88	0.2	1.92	248.77	221.68	179.17	222.80	224.10	248.77	185.85	183.18	
Pacific Ex. Japan (597)	314.89	0.1	280.29	226.38	283.08	277.03	0.1	1.70	314.89	280.50	226.73	282.07	278.68	320.85	269.57	258.82	
World Ex. US (182)	220.13	0.2	186.86	151.02	188.84	173.83	0.1	1.94	209.75	186.86	151.07	187.94	173.98	210.13	178.94	189.10	
World Ex. UK (225)	252.33	-0.2	224.55	181.36	228.78	221.96	-0.3	1.64	252.96	226.41	182.20	226.41	222.98	252.96	188.58	211.62	
World Ex. Japan (188)	216.91	-0.1	181.82	147.84	204.64	206.86	-0.3	2.05	217.98	202.98	147.84	204.64	206.86	216.91	147.84	204.64	
The World Index (2488)	235.78	-0.2	228.67	188.61	230.84	226.55	-0.2	1.84	257.44	229.28	188.61	230.67	227.09	257.44	222.32	213.31	

1970-1971

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FAKE: Chapter 2

'The police have discovered nothing,' she said. 'That's why I'm hiring you. Perhaps it wasn't a robbery.'

Page IV



Mischief with roses

'Perhaps there are women with Gloire de Dijon-coloured skin; but my flowers do not resemble any ladies I have sighted.'

Page X



Ken Hom off to wok

'For some time now, Hong Kong chefs have been returning to the mainland, to open restaurants and train new chefs.'

Page XII

The Empire ends here

In the early hours of July 1, when the royal yacht Britannia leaves Hong Kong, the imperial adventure comes to an end. Chris Patten, last governor of Hong Kong, gives his final testament on colonisation, culture and where the street-market Rolex fits in Asia's history

No cliché about sunsets left unused, no bar of Nimrod unplayed, the Empire ends here. Every-

one's Empire. Midnight on Monday June 30, sounds the Last Post for the imperial adventure in the east. The Dutch with their farming schemes; the French with Indo-Chinese boulevards and baguettes; the Americans with their proselytising of Yankee values; the British with Raffles, Kipling and Maugham - all gone now. Adventure, honour, exploitation, memories of twilights far from home, stories of rotters and robbers and saints, all scattered to the winds - typhoons more like - which have propelled so much of East Asia from pauperdom to flash and dash in less than a generation.

And the Last Post for the British Empire, in particular. Assembled haphazardly, governed on the whole decently, terminated by giving its inhabitants the means to lay it to rest, the Empire won and sustained by Britain's naval might and sense of its own global destiny will be seen by the world to make its final graceful exit as the royal yacht Britannia steams out of Victoria Harbour in the early hours of July.

Part, a small part, of the uniqueness of Hong Kong is that the story, if told accurately, does not really fit the script. The rise of nationalism often allied with communism, much more than anything else ended Empire elsewhere in Asia, is not the cause or pretext for the curtain's fall here.

Hong Kong's last imperial moments were determined in 1898 as the ink dried on the 99-year lease on its New Territories.

This long-delayed postscript to that story has a very different text. Elsewhere, the dependent became independent, if not always so free as they had been when they were unfree. In Hong Kong, a free city becomes part of a country with its own notion of what freedom means, albeit garlanded with guarantees that its liberties will endure.

When we began to plan our departure, we discovered a whole filing cabinet in the cellars of the Foreign Office which told us how to set about organising a nation's celebration of its independence. But, for our task in Hong Kong, there is no guide of "dos" and "don'ts".

It is a distortion to see the whole history of Empire through the prism of what happens in Hong Kong. And it is an injustice to load an assessment of Britain's conduct and rule in Hong Kong with all the weight of post-imperial guilt. What we have done in Hong Kong deserves to be judged in its own right.

Much else will be dragged into history's courtroom. For some, the account of Hong

One wonders at the verdicts which might be offered on the histories of Vietnam or Algeria

balance sheet without clutter the page with soaring percentages and exponential statistics. Set aside the political correctness that will focus on the foul trade in opium and on indefensible racial prejudice. And avoid dwelling, too, on the more recent events in China's history which have brought the bulk of Hong Kong's population to the territory, refugees in the past from plunder, starvation and oppression. Remember the past enough to forget it.

So what is Hong Kong like today? First, it's a Chinese city. Go out into the lanes that wind west below the high-rise apartments of mid-levels. Wander down Staunton Street or the roads that lie either side, past butchers' shops with those distinctive red lampshades above the chopping boards and the offal, past the herbalists' windows and the Buddhist convent and the stalls piled high with ancient eggs or secondhand Rolexes.

Listen to the noises and sniff the smells. This is China. A great Chinese city created by the fabulous energies of extraordinarily hard-working and audacious people. Admire the glass skyscrapers of Central, where people moving money have created the fifth largest financial centre. This, too, is China; but it is also the world. They are all there, Americans, Japanese, Germans, French and British, too, creating one of the most international and cosmopolitan cities anywhere.

Now what has Britain contributed to a success story that ranks with that of any city in history? I've been driven back again and again to my favourite lines from de Tocqueville, which years ago I inscribed at the front of an early statement of Margaret Thatcher's Tory policies and principles.

"Do you want to test whether a people is given to industry and commerce?" the political philosopher asked. "Do not sound its ports, or examine the wood from its forests or the produce of its soil. The spirit of trade will get all these things and, without it, they are useless. Examine whether this people's laws give men the courage to seek property, freedom to follow it up, the sense and habits to find it, and the assurance of reaping the benefit."

And so it has been in Hong Kong. What Britain brought to this territory was the rule of law, and good, decent, light-handed administration. We provided a framework within which a prosperous economy and a stable society could flourish. And they do.

Growth pounds away. Reserves soar. Taxes fall. Hospitals and bridges rise. Exports increase. Crime drops. Hong Kong is a great success story, a Chinese success story with British characteristics.

Because Hong Kong has proved so good at making money, some observers have

been tempted to say that is all that interests Hong Kongers. It has been a convenient argument for those who see any manifestation of political activity as inherently destabilising, had for the pursuit of a quiet life with China. Those who affect to believe that Hong Kong is merely an economic powerhouse, not a political city, are a motley collection. Some think there's too much democracy in Britain, let alone Hong Kong. They favour lobotomocracy in

It is the vitality of Hong Kong's civil society that gives me the greatest confidence in its future

Asia and, if possible, beyond. Others have the official's disdain for the vulgarities of public opinion. As we all know, some decisions are just too complicated for the man or woman on the Wan Chai or Wapping omnibus. In particular, the noisy aspirations of Hong Kong should never be allowed - it is argued - to risk jeopardising Sino-British relations.

Truth to tell, Hong Kong is about as political as anywhere else, which is to say not very political at all. But if you ask people whether

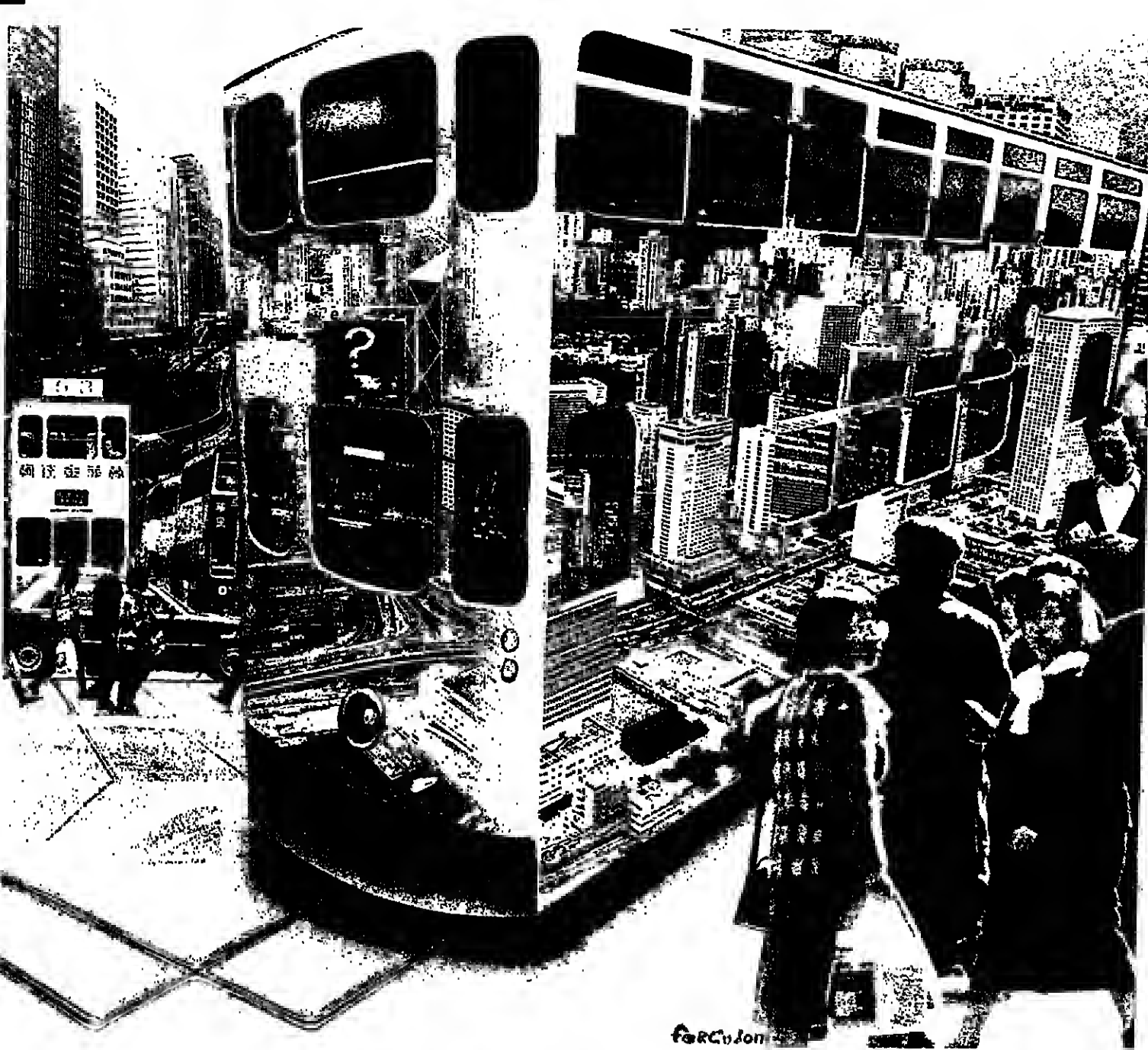
they want a bit more say or a bit less in managing their own affairs, they ask for a bit more. And as they travel better off, as they travel more, as more of them go to university, they want to be asked this question.

Hong Kong has developed a lively and resilient civil society. To ignore the consequences of that would risk seriously destabilising what is a remarkably moderate and responsible community.

The moderation and the responsibility are in part a result of government adjusting to the changes that have taken place in the city. Governing a city in flux, avoiding the social turmoil that has disrupted life elsewhere in Asia, obliges those who govern to ride the waves like a surfer, not to try to turn them back like Camilla.

It is the vitality of Hong Kong's civil society that gives me the greatest confidence in its future. There are, first, the churches, active in every aspect of Hong Kong's educational and welfare provision. Just before Christmas, I attended the ordination of two new Catholic bishops in a packed cathedral. It was a joyous Cantonese occasion. No one there could have doubted for a moment that religious liberty would survive July.

The legal profession is just as full of self-confidence. The Bar has been led by three eloquent and brave women in a row, tigerish in their defence of the rule of law. And one of Hong Kong's best QC's, a man of unquestioned



Integrity, has been nominated as Hong Kong's next chief justice.

The civil service has emerged unscathed from the political rows of the last decade. That is the result of leadership of the very highest calibre from men and women who will continue to serve Hong Kong beyond July. Their integrity and commitment are unquestioned.

I recall with satisfaction one of their number telling a House of Commons select committee crisply that he was fed up with being lectured about what was allegedly in his own best interest as a Hong Konger by a famously discredited retired British diplomat.

Hong Kong's identity, its sense of itself, sheds light on all those arguments about history's end, clashing civilisations, and continent-based value systems. One anecdote from a packed anthology helps make the point.

The head of Hong Kong's public service, chief secretary Anson Chan, whose opinion poll ratings in the high 80s are an accurate barometer of the affection and respect in which the community holds her, is a cultured Asian to her fingertips. Her mother is the most famous woman painter in China. She speaks Mandarin, Shanghaiese and Cantonese before (immaculate) English.

There she was a few months ago addressing an international audience of journalists. Before her speech, the audience had listened to two great elder statesmen from western societies lecture it on the impor-

taoce of self-censorship. Western values? Chan gave them a spirited and eloquent talk on the importance of free speech, of fearlessly telling the truth. Asian values? The truth is that the val-

ues of Hong Kong are decent and they are universal. They are the values which have made the city.

And, God willing, they are the values that will safeguard its future.

Chris Patten

Chris Patten, last governor of Hong Kong, gives his final testament on colonisation, culture and where the street-market Rolex fits in Asia's history

E Airlines
RE Flights
E Destinations
MORE Reservations
m ever before
change
way
fly...

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PERSPECTIVES

The Nature of Things

The rotary motor whirling in our cells

Japanese research has discovered the source of human energy, reports Clive Cookson

One of the most popular visions of our technological future is the ultra-miniature nanotechnology. Molecular machines would assemble amazing new materials, atom by atom.

Medical micro-robots would travel around the human body, searching out and destroying cancerous cells before tumours could develop.

Although the nanovision remains speculative, scientists are developing astonishing new techniques for manipulating materials on a sub-microscopic scale.

Last week, this column described how physicists could use light beams as "optical tweezers" and "optical spanners" to hold or twist tiny objects. This week we look at the chemical approach to molecular mechanics.

A group of Japanese scientists, led by Hiroyuki Noji at the Tokyo Institute of Technology, recently discovered the world's smallest rotary motor - an enzyme that whirrs around in every cell in our

bodies. The enzyme, ATP synthase, is a mushroom-shaped molecule. Its stalk is the central rotor, with a diameter of two nanometres (millionths of a millimetre).

This turns anticlockwise inside the membrane's cap, which consists of six sub-units linked together measuring 10 nanometres across.

To observe the rotation, Noji and colleagues anchored the cap to a glass slide, and attached a tiny fluorescent filament of a muscle protein called actin to the end of the rotor (see diagram).

They then videotaped the filament, through a microscope, spinning like a fast-moving hand on a clock.

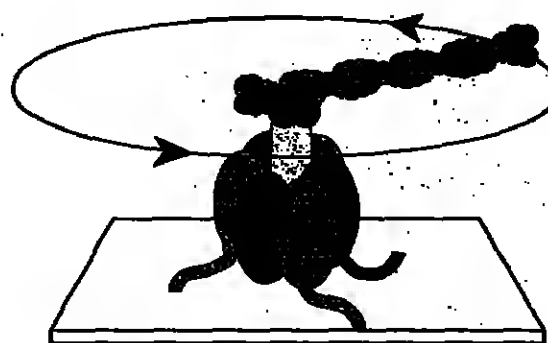
In a living cell, ATP synthase may turn at speeds

of 100 revolutions per second. In the Japanese experiment, the rotor was encumbered with the actin filament and therefore turned no more than four times per second.

The enzyme is vital to cell metabolism. As it rotates, it builds and discharges molecules of adenosine triphosphate (ATP) like sashes from a machine. ATP is the cell's fuel supply; when we exercise, our muscles use it as a source of chemical energy.

The ATP synthase molecule is attached to the inside of the cell's mitochondrion or energy centre.

It is propelled by protons (hydrogen ions) flowing into the mitochondrion, though the detailed mechanism is still a mystery. Paul Boyer of the



The world's smallest motor, ATP synthase, magnified 100 times. The molecule is attached to a microscope slide. On top is a protein fibre linked to its central axle, whirling around four times a second

University of California at Los Angeles had first proposed 20 years ago that ATP synthase was a rotating molecule, but it took the ingenious Japanese to prove his idea.

Before then, the smallest rotary motor known was the flagellar motor that swimming bacteria use to propel themselves. In some species the flagella can rotate more than 1,000 times

per second and drive cells at speeds of 0.1 millimetres per second.

Transposed into our own dimensions, this is equivalent to driving a car at supersonic speeds, as Steven Block, biologist at Princeton University, pointed out in a recent Nature paper.

Flagellar motors also run off a flow of protons. Each is about the size of a virus, with dimensions about five times greater than the ATP synthase molecule.

Although life is motion, rotary motors are rare in nature. For some reason, animals have never evolved wheels.

Linear motors are far more common. Most important is the myosin/actin system, whose contraction provides the power for both voluntary and involuntary muscles.

from running legs to beating heart.

Another linear system, based on a large protein called dynein, enables human sperm to swim. Dynein molecules link the long microtubules that are bundled together to form the sperm's tail.

When the dynein molecules contract in sequence, they force the microtubules to slide relative to one another, bending the tail like a swimming tadpole and propelling the sperm towards the egg.

However, these linear motors run on ATP fuel and therefore depend ultimately on the tiny ATP synthase motor.

Once scientists understand how natural molecular motors work, they will be in a position to lay the ground for the next

century's nanotechnology by looking for ways to synthesise man-made versions.

Already, chemists such as Fraser Stoddard, who is moving his research group this summer from Birmingham University in the UK to UCLA in the US, are making simple molecular shuttles with rings moving along a central axle.

A molecular motor could conceivably power futuristic nano-robots around our bodies.

Molecular production systems somewhat like ATP synthase could be devised to turn out a wonderful variety of useful chemicals.

The ultimate development, according to nano-guru Eric Drexler, will be the "assembler" that can put together almost any arrangement of atoms that the laws of nature allow to exist.

Imagine, for example, arrays of molecular rotors that weave cheap organic chemicals into an appetising array of super-succulent foods. Many people will shudder at the prospect. But I can't wait.

Minding Your Own Business

The man who is indebted to bad debt

Grania Langdon-Down meets a lawyer for whom owed cash was the key to success

Bad debts are bad news - except when they make good business. That's why solicitor Desmond Hutchinson decided to make bad debts his business when he set up his own law firm seven years ago.

He had to launch his new venture in unknown territory in Enfield, north London, because his previous partnership contract with a large Cambridge law firm stopped him working there for two years after he resigned.

So he offered a debt recovery service as a way of attracting clients.

The strategy worked and he now has a client base of 2,500 and about 4,000 legal matters on the go at any time. Debt recovery is now just a small part of his business but, ironically, Hutchinson has found one of his toughest assignments has been his own case - recovering money owed to him by the Legal Aid Board.

In one instance, it took two years to collect the £40,000 the LAB owed him for one case.

The difficulties facing small to medium businesses are close to Hutchinson's heart. He developed a passionate concern about the price of justice during his 19 years working for a large corporate practice. "I became increasingly concerned at the large gulf that was developing between the big, expensive, corporate firms and the smaller end of the market, which was heavily reliant on criminal and domestic legal aid and welfare work."

"Small businesses just could not afford the cost of litigation and that plagued me, as I had joined the profession to help people, not just work at a corporate level."

He believed the answer was for solicitors to say to clients: "I cannot give you the Rolls-Royce treatment because you cannot afford it but I can do a Ford Popular job, which will be adequate for the majority of your requirements."

While clients accepted the principle, his colleagues were not impressed. "I was howled out of existence," he says wryly. So he resigned from the Cambridge practice in 1989 and spent the next six months finishing his MBA at Brunel University. He chose Enfield to launch his firm so he could take on a former legal executive colleague who lived there and was experienced in debt recovery. Hutchinson, who is 50 with two grown-up children, was determined to start immediately with a fully automated debt recovery system.

"That was when I made my major mistake. The type of sys-

'If you can't afford the Rolls-Royce treatment, I'll do a Ford Popular job, which will be adequate'

tem I wanted existed for setting up the data but not for the accounting process, so we ended up spending a fortune and still not getting what we wanted."

He had to jettison the whole computer system and start again. By that time another computer company had developed an inter-linked system but a year had been wasted. "The first company reimbursed me but my wife Malti and I had to go manually through hundreds of entries and it probably cost about £50,000 in loss of my time. We had also been paying £3,000 a month in finance charges, which was far too high. I should have started on a lower scale and been more patient in waiting for the right system."

By 1993/94, debt recovery was a "busted flush", because, due to

the recession, firms were going bust before debts could be collected from them and because of competition from non-legal firms that could offer no-win, no-fee deals. With debt cases down to about 50 a month from a peak of 150, the debt recovery service could be run by one part-timer compared with nearly two full-time staff at the beginning.

However, by this time the two years of his previous contract commitments were up and he was able to open an office in Cambridge, where he still lives and where he can exploit his local knowledge and contacts. He enjoys the contrast between Cambridge and Enfield.

"Cambridge is very much Silicon Valley and the work there tends to be commercial litigation - arguments between directors over intellectual property rights. In Enfield, it is more traditional, knock-about contract disputes, largely debt-orientated," he says. In October 1996, he merged with Daultrey & Keen, another Enfield law firm, at an overall cost of about £50,000, moving with relief from his "shoe-box" of an office to take over their lease of a larger building.

"Ron Daultrey and Margaret Keen wanted to retire, but part of the deal was that they stayed as partners until May 1996 to help bolt on their clients."

It cost Hutchinson about £14,000 to start up his firm in 1990, raised through a TSB loan and from his own resources. It took five years to come into profit. He estimated that turnover for the latest financial year to May this year would be £430,000 with profits of £38,000.

The firm now has 17 members of staff, including 12 fee earners. Hutchinson is the only equity partner but he has two salaried partners - "I hope that will change as financial circumstances justify."

The firm has an overdraft of £50,000 because of delays in legal aid payments but it should be

down to £30,000 by the summer. The main overheads are salaries at £16,000 a month, financial charges for equipment £2,500 a month, rent and rates of £1,000 a month in Cambridge and £1,500 a month in Enfield and the solicitors' indemnity insurance of £2,100 a month. Marketing, which his wife runs, accounts for about 5 per cent of turnover.

Hutchinson charges £100 an hour, his two salaried partners £90 an hour and the legal executives £45 an hour for current matters and businesses starting up. From Monday, he is increasing his charges for new work to £130 an hour and £100 for his salaried partners. Two-thirds of the charge covers overheads with one-third profit.

He is an enthusiastic supporter of fixed fees for some cases. The Master of the Rolls Lord Woolf proposed fixed costs of £2,500 for claims involving sums under £10,000 in his Access to Justice report last year. "I have some doubts whether it would be possible at that price, particularly if experts are involved because they do not come cheap," he said.

His next venture is a network of firms across Europe offering local help to businesses wanting to expand abroad. All new business must be bilingual and links have been forged with two practices in Germany, two in France and with another possible one in Italy. The aim is to have a formal network by this time next year.

Hutchinson says: "I thought I had the answer when I set up, but it is taking much longer than I expected. I just wish I had come across another person who had wanted to do the same thing so we could have shared the problems together."

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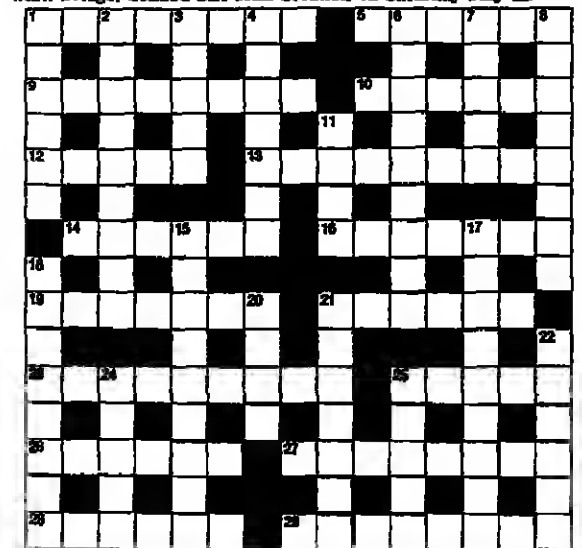


Desmond Hutchinson: "I wish I had come across another person who had wanted to do the same thing" (Sharon Carr)

CROSSWORD

No. 9,413 Set by CINEPHILE

A prize of a classic Pelikan Sovereign 800 fountain pen for the first correct solution opened on Wednesday July 9, marked Crossword 9,413 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 8HL. Solution on Saturday July 12.



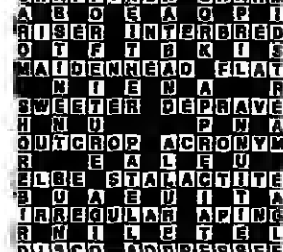
Name _____
Address _____

WINNERS 9,401: J.A. Jamieson, Thurso, Caithness; David Barratt, Whitstable, Kent; John Harvey, Gosport, Hampshire; K.W. Massingham, Taunton, Somerset; David Watkins, Long Eaton, Nottingham

ACROSS

- 1 It's damp around the hill for a traveller (6)
- 5 Pump start with water for the club (6)
- 9 Low-cost time behind bars for canary? (8)
- 10 Frightened journalist after trauma? (6)
- 12 Field for sailors to study (5)
- 13 It rips the peel - no, that's not right (6)
- 14 Plate dipped in liquor, hot, for things to stand on (6)
- 16 First lady in network was unhappy (7)
- 19 Sort out liquor for people to stand on (7)
- 21 Thanks for toast? (6)
- 23 Judges the gospel to be a standard (5-4)
- 25 Friend of the country? (5)
- 26 Miserable old bat of depraved character (3,3)
- 27 Town with bridge, dam, and forts, possibly (6)
- 28 Team gives half a lift to two-thirds of the men (6)
- 29 I leave masculine characters in America (5,3)

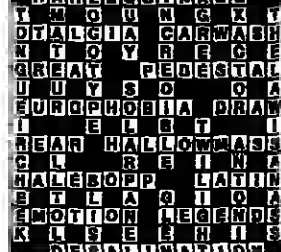
Solution 9,412



DOWN

- 1 Cross about Scottish leaders using force (6)
- 2 A number turned castle into octopus's property (9)
- 3 Take home bird (5)
- 4 Slight wound is no handi-cap (7)
- 6 Evict peer for being insolent; died in the wolf (6)
- 7 Sign of river entering Spanish port (6)
- 8 Revolutionary leaders are carry (8)
- 11 Slimy creature coming out of a barrel (4)
- 15 Nesting help or not, I'm on top of the world (5,4)
- 17 Lousy and, without exchange rate mechanism, boozey (9)
- 18 Likely Islamic heretic in election surrounding (6)
- 20 Doctor with a model under the drawbridge (4)
- 21 I can't worry about kinetic energy used during or after being (4,3)
- 22 Haphazard, and found in another sort of memory (6)
- 24 Prompter in his birthday suit embracing first of girls (6)
- 25 Feast arrived and left (5)

Solution 9,401



Following the advice of a fortnight ago in this very column, my partner brought home this rather ambitious slam helped, not a little, by the most common form of penalty double - a rash one.

N
♠ K 8 7 4
♥ A 10 7
♦ A 10 8 4
♣ J 5

W
♠ J 9 3 2
♥ 6 5 3
♦ 7 8 3
♣ 5 7 6

E
♠ 10 6 5
♥ K Q 9 4
♦ K Q 5 2
♣ Q 4

S
♠ A Q
♥ J 9 2
♦ J 9
♣ A K 10 9 3 2

North-South's slam bidding can be deciphered by revealing that South thought North was playing a strong NT and vice versa. East's double, however, can be explained only by language too tricky for a Saturday.

West led 14 and, when trumps split evenly, declarer concluded that East's double must be based on both red king-queens. He therefore planned to run off his

BRIDGE

trumps, and squeeze East with his two certain tricks. He cashed his ♠AQ, and then led J♦ for a deep finesse. If West held an honour and covered, declarer could establish diamonds to pitch his heart losers. However, West played small and East won with K♦. East then exited with K♥, won with dummy's A♥. He now cashed K♠ and pitched 2♥. West, he ruffed the fourth spade in hand. Lastly, he played out his trumps.

On the final one, declarer was left with J♥ and 9♦, and dummy with ♠A10. East was now squeezed, trying to protect both his Q♥ and ♠Q5. Eventually, he relied on his partner holding J♥ and discarded Q♥ but, even if he had thrown 5♦, declarer would have guessed to drop the honour rather than to finesse again.

Although you might set about the hand in the same fashion without the revealing double, some declarers might have settled for the reasonable 75 per cent chance of the double diamond finesse. East-West were left to conclude that the double not only cost the actual 170pts, but also, quite possibly, the slam itself.

Paul Mendelson

CHESS

Something strange happened to Nigel Short in Novgorod this week. Britain's former world title challenger has had a difficult year, with some disappointing results.

Novgorod was a six-man elite double-rounder, headed by the world top two, Kasparov and Kramnik, and with Short as the only token westerner. After scoring only a win and a draw from six games, he looked destined for last place.

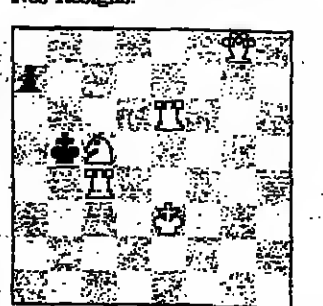
Then Fide issued its new rankings, and Short saw that for the first time for a decade he was relegated to Britain's No.3 behind Michael Adams and Matthew Sadler. I recall that many years ago when Short was just a promising junior, he was always best motivated by successes of players he viewed as rivals.

Coincidentally or not, Short won his next three games, all against world top-10 opponents, and finished a highly respectable third to K and K. His win from Kramnik was also a strange affair, reminiscent of typical British championship games of 40 years ago when White often defeated the Scottish Dragon defence by exchanging Black's vital dark-squared bishop, then blitzing the weakened king.

CHESS

My impression is that Kramnik simply did not believe he could lose, and was immersed in his own attack until too late (Short v Kramnik).

1 e4 c5 2 Nf3 Nc6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 d5 6 Bg5 Bc7 7 Bc4 0-0 8 Bb3 Na5 10 Qd2 Bd7 11 Bh6 Rb8 12 Bxg7 Kxg7 13 Qd3 a6 14 f4 a5 15 Nde2 Qb6 16 0-0-0 Bb5 17 Qd3 Bxe2 18 Qxe2 Nxb3+ 19 axb3 exd4 20 Rb1 Qa5 21 Rxf4 Qa1+ 22 Nb1 Nc7 23 Rxd6 Nd5 24 Qd3 a5 25 a5 b5 26 Rb4 Kc8 27 Rb5 Ne6 28 Qb6 Rxc2+ 29 Kxc2 Rc5+ 30 Nc3 Resigns.



No 1186
White mates in two moves, against any defence (by E Roswell, 1929). Four pieces ahead, White still needs a subtle solution.

Leonard Barden

PERSPECTIVES



Joe Rogaly

Taxing the bad will not make us good

We might try to price people out of their cars and their cigarettes – but there is no guarantee of success

It would be delightful, would it not, if other people would get off the road. You and I could freewheel, singing our songs, reaching our destinations double-quick. We know how this ideal can be realised. Tax the traffic jams away. Four imposts on the masses. Crowd them into buses and trains. Let them walk, cycle, or stay at home.

Wait a minute. There is a flaw there somewhere. If the two of us could afford to pay more for gasoline, so could many other motorists. Putting a dollar a gallon on gas in the US might not be possible, short of declaring martial law. But would it work?

I doubt it. Even if a General Green took over the White House and taxed motor fuels as Europeans have done, the effect on car usage might be less than those of us who wish to save the

planet would like. The tax on petrol has risen sharply in Britain over the past decade, yet traffic is up by a third. It has visibly thickened, on four-lane motorways as in the jigsaw-puzzle streets of central London.

The price mechanism might be working. Jams might have been even worse without the added taxation. We shall never know for certain. In the same way, it is difficult to establish whether the evident reduction in smoking is the product of increases in tobacco duty. It could be due to greater awareness of its lethal nature. As I have been known to chant, through a puff of finest Havana:

*Tobacco is a filthy weed
Which from the Devil doth proceed
It burns your throat and ruins
your clothes*

And makes a chimney of your nose.

There is nothing in there about cost. In both the US and Britain the proportion of the population that smokes has fallen from about half of all adults 30 years ago to not much more than a quarter today. Yet tax regimes in the two countries have varied widely. The recently struck mega-agreement with the US tobacco companies will add the equivalent of a 50 cent tax to each pack, but the effect on consumption is unpredictable.

Tobacco is like any other addictive substance, only legal. This week the United Nations International Drug Control programme published an estimate suggesting that illicit drugs generate turnover of around \$400bn (\$242bn) a year. That would constitute nearly a twelfth of world

trade. The world's finance ministers must be longing to get their hands on some of that loot. One day they will. Meanwhile, we may wonder whether less heroin would be injected, less cocaine snorted, if the stuff was legitimised and taxed. Who knows? We can only guess the price elasticity of a freely traded equivalent of Ecstasy.

In short, governments can try to change behaviour by taxing it, but there is no guarantee of success. Much depends on the cost and availability of close substitutes. A higher duty on leaded petrol has encouraged many drivers to move to the unleaded pumps, but they drive more, not less. It is not clear that low-taxed beer is a perfect substitute for slightly higher-taxed wine. We can only imagine the effect on sales of differential levies on tra-

ditional cigarettes, as against the neatly rolled marijuana sticks some of us dream about.

Alas, public transport is not a close substitute for private automobiles. Just one trip home on a rainy evening, shopping bags full, establishes that. Targets set for the reduction of emissions of greenhouse gases often fail to take this simple observation into account. The European Union would like us to tax ourselves into good green practice. The idea is marching on. Britain's Liberal Democratic party has proposed a phased-in carbon tax, the effect to be offset by cutting other taxes. "Saving the Planet" runs the title line of the party pamphlet, "Without Costing the Earth".

Snappy. But it cannot be so easy. The new Labour government may make some gestures

towards greener taxation in next week's budget. When it does, we shall applaud. Yet one of its promised measures is simply perverse. Labour will reduce value-added tax on domestic fuel. That will increase the burning of coal, gas and oil for home heating, while other taxes are aimed at stemming the upwards flow of carbon dioxide from car exhaust pipes. Labour's likely palliative is a cut in tax on home insulation.

Palliative is the word. The idea of using tax as a means of social control is not unattractive, least of all to those of us who fancy that we know how to put the world to rights. But this does not mean that any democratic government can have a grand theory on it. Radical change brought about in a hurry is regarded as politically impossible. Every step

forwards has to be on tip-toe. There is plenty of polling evidence to suggest that, as voters, people want motoring rationed by tax. When these same respondents get into their cars, however, their minds change. I do not take pleasure in raising such questions. It would be comforting to think that the industrialised world could save itself by a judicious application of the price mechanism. Back-to-the-family merchants want taxation on incomes biased in favour of stable marriages. Environmentalists want taxation to lead to a sustainable economy. Dieticians want budgets that promote good food and penalise what is bad for us. I could happily march behind any of these banners. I just wish I believed any of them would work.

E-mail: joe.rogaly@ft.com

Supper with the FT

Mover, shaker, president maker

A Moscow dinner date with Russia's most influential media mogul and political image-maker was more interesting than Chrystia Freeland expected

Would I, Igor Malashenko's sweet-voiced secretary asks apologetically, "mind travelling in a Lada?"

I struggle to hold back a surprised giggle, finding it hard to believe that Malashenko, the president and co-founder of Russia's most influential television channel and Boris Yeltsin's most trusted image-maker, drives a Lada, one of the rickiest vehicles on Russian roads.

Mistaking my hesitation for disapproval, Tanya hastily explains why the logistics of my planned supper with her boss – a legendary Moscow power-broker who is mighty enough to have turned down an offer to serve as Kremlin chief of staff – will require this humble mode of transport: Malashenko will take me to supper in his Mercedes, but after the meal Tanya hopes I won't mind going back to the city with his bodyguards in their modest Lada, while their master makes his stately way out to his country home.

I assure her that will be fine and, at precisely 8pm a few days later, Malashenko's swish Mercedes, trailed by a Lada full of bodyguards, pulls up outside my office door. The middle-aged parking lot attendants outside my building are awe-struck and so, for a moment, am I.

Television shapes public opinion everywhere, but under Malashenko's stewardship it has become a particularly potent force in Russia, where 70 years of Communism have shattered most other forms of civic communication. Russian politicians now casually acknowledge that it takes a television station to make a president, and Malashenko's mastery of this particular art is so widely recognised that he may soon hire out his services to the leaders of other former Soviet countries.

His power has bred controversy. Fans hail him as one of the most important builders of Russia's nascent democracy, pointing to his television station's hard-hitting coverage of the darkest moments of the Yeltsin regime, such as Russia's bloody war in Chechnya. But critics see Malashenko's decision last year to join the Yeltsin campaign team, while remaining the boss of Russia's only private television channel, as the moment when Russian democrats sold out.

These are contradictory images. But as we roll down Kutuzovsky Prospekt, one of Moscow's mega-lane asphalt arteries, Malashenko chooses a third, more neutral role for himself – that of superior tour guide – and launches into an urbane description of the Soviet past that harkens back to every Moscow street corner.

His spiel produces one of the surreal moments that characterise the new Russia. Inside Malashenko's limousine, which sports small television sets and large bodyguards, we are enveloped by what is almost a parody of capitalist excess. But outside are the stolid, granite relics of the Communist era, and as we zoom past, Malashenko conjures up the life that was lived inside these stone dinosaurs just a few years ago.

"This street is like a museum of Communism. See



Igor Malashenko; the legendary power broker who had enough clout to turn down an offer to serve as Kremlin chief of staff

that house, people used to think Brezhnev lived there. And see that building over there, it was the factory that sewed suits for the Central Committee," he says, pointing to a non-descript squat brick rectangle on the right. "They sewed dark suits, with a narrow stripe, and matching coats and so forth. Older people [in the Central Committee] were dressed exactly this way. It was very funny," he says, remembering the days before the Russian establishment acquired its current taste for Versace and Hugo Boss.

We pass Yeltsin's heart

hospital; the turn-off for the prime minister's country home; the dacha where Khrushchev was kept under house arrest; and the residence of Boris Beresovsky, one of Russia's most controversial new magnates. Finally we arrive at the new nomenklatura's favourite watering hole, the Tsar's Hunt, a gloriously kitsch combination of monarchist fantasy and nouveau riches extravagance that includes waiters dressed as Russian peasants, the hides of every beast native to Russia's forests and a small gurgling brook. Malashenko says he

has chosen this overblown venue so "you can get a taste of Russian exotica". Judging by the effusive greetings of the maître d', Malashenko is clearly a regular and honoured guest. After a bit of fawning and after the bodyguards have been dispatched to the downstairs bar, we take our seats. It is a moment of confusion. As we reach the table, Masha, Malashenko's charming press secretary, suddenly materialises. She is joined by Eddie Opp, a well-known Moscow-based American photographer I have brought along to take Malashenko's

picture, sometime, I had imagined, after the meal. Their arrival delights Malashenko, an intensely private man who is obviously more at ease manipulating the images of others than talking about his own. Before I know what has happened, Eddie and Masha have joined us at the table and Malashenko, a dedicated amateur photographer, is avidly questioning Eddie about shutter speeds. But then Malashenko breaks away from enthusiastic darkroom-chat with Eddie to demand, "By the way, explain to me why we

are doing all this. The fact that we are having supper is, of course, a good thing. But why are we doing all of this talking?"

All of a sudden, it seems like a very good question. I begin to stumble through possible reasons why submitting to a meal-time interrogation with the FT is a good idea, when, at last, I am saved by the wine. Even though they do not have any Rioja – Malashenko's favourite – the Bordeaux we settle on provides enough comfort to help us clamber back on to the safer conversational ground of Malashenko's personal history.

Raised in a military family that moved all over the former Soviet bloc, Malashenko began his professional life by studying western philosophy. After university he went to the Institute of the USA and Canada, one of the Soviet Union's top cold war think-tanks. Then came Gorbachev, and Malashenko joined the Central Committee to be part of the country's great transformation.

What were your motives? Were you just sick of the old system?

"I have a reputation of being a very, to put it mildly, pragmatic man and so you may not believe me, but when I went into the Central Committee I was motivated, in large part, by idealistic convictions," Malashenko says.

It may seem naive, but I remember that I truly could not understand the events in Vilnius [in January 1991, when Soviet policemen killed 13 democracy activists in the Lithuanian capital], to this day I remember my state of total intellectual shock," he says.

Was he just as horrified, I wonder, by the far bloodier Russian military intervention in Chechnya a few years later?

He replies succinctly that the Chechen war was "a serious mistake, what you call in English a 'miscalculation'".

Wasn't it a bit more than that? I ask.

"Excuse me, of course," Malashenko answers. "I was simply referring to Talleyrand, and who once uttered the famous phrase, 'That is worse than a crime, it is a mistake.' For me, also, there is nothing worse than a mistake. From time to time, every government kills people."

From there, we three (Masha the press secretary is largely silent) fly through an impassioned discussion of US guilt for Vietnam (Malashenko says it does not exist), Russian guilt for 70 years of Communism ("as a nation we will never repent"), Nato enlargement and whether individual liberty can compensate for the loss of national greatness.

This last theme tips the balance – Malashenko's patience seems to run out and he demands a ceasefire.

"We are on a dangerous path," Malashenko pleads, looking down at the barely touched plates of shashlik, a Russian version of shish-kebab, littering the table. "Pretty soon we'll start talking about Dostoevsky. I really don't want all that."

A moment later, Malashenko glances at his watch and announces he will have to leave early. It is his daughter's 14th birthday and he must hurry out to the dacha to call her at her

board-schooling in England at exactly 8pm, London time.

"Kind Masha will stay with you," he says with a but-for-the-grace-of-God-there-am-I glance at his willing press secretary.

But before Malashenko can escape, Eddie gets in one last shot.

"Igor Yevgenyevich," he begins respectfully, "earlier you spoke about propaganda and I was very interested." Eddie then describes watching the gloomy movies and documentaries about the

entire Kremlin media campaign and probably personally selected the anti-Communist movies that played on election eve, seems to wonder whether the question is some strange western joke.

But, looking into Eddie's expectant face he realises it is not, and responds with a sigh: "You are probably right. The problem is that during the elections nothing depended on you, on Eddie... but it depended directly on me whether the next president would be Zyuganov [the Communist challenger] or Yeltsin, I think, and I thought, that Zyuganov would be a catastrophe. I had to, how shall I put it, sell my soul to the devil."

"You really think that's what you did?" I ask, amazed by his frankness.

"Of course I don't," Malashenko replies with not a little scorn. "But from the point of view of a middling western intelligence, perhaps that is what I did."

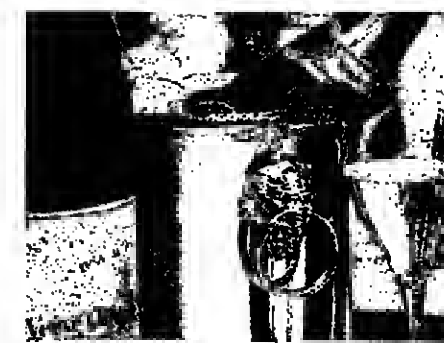
By that you mean our intelligence?

"Yes yours. You are absolutely right." And with that he is off to telephone his teenage daughter at a very proper and pricey boarding school somewhere in England's home counties.

Eddie's voice rises in recalled outrage as he tells the



GOLD CUP



SILVER BUCKLE

Photo: Veuve Clicquot Gold Cup, Champagne Paris	26 Jan-20 Feb
Henry VIII: Royal Warrant	2-6 Feb
St. George's Day: March 1st Anniversary, Old Trafford	3-7 Feb
Heavenly Bodies in Space and the Arts	9-15 Feb
Baroque: 16th-18th Century, St. Petersburg	15-20 Feb
18th-19th Century: 18th-19th Century, St. Petersburg	17-20 Feb
Cover: Veuve	2-4 August
Brilliant: Henry VIII, St. George's	11-14 September
Last Night of the Party	15 September



■ Veuve Clicquot ■
CHAMPAGNE OF THE SEASON

PERSPECTIVES

Accessibility for art's sake

Robert Graham talks to the man behind the punctual reopening of Rome's Villa Borghese

Fixing a firm date for anything in Italy tends to make one a hostage to fortune.

But Walter Veltroni, culture minister and deputy premier, has got away with it and presided over the punctual reopening of the Villa Borghese in Rome, the home of one of the world's great picture collections. Closed for 14 years for repairs amid interminable delays and unimaginable bureaucratic wrangling, Veltroni had pledged to reopen the gallery on June 26.

"I have been absolutely determined to push this through," he says. "To get things moving, I've had to make eight visits to the site," the 42-year-old minister adds with a flash of pride.

Since taking the job in May 1995, the reopening of the Villa Borghese has become the symbol of a new hands-on approach in what has always been a sleepy environment dominated by querulous civil servants and prima donna academics.

"The attitude of some people in the culture ministry has been to regard museums as essentially

there for the experts, with little attention paid to the general public," he says.

Italy may be the envy of Europe for the wealth of its cultural heritage; but it has by far the worst record for visitor-friendly museums and archaeological sites. All too often, the visiting hours and visibility of works of art are dictated by the working habits of the employees rather than the needs of the public. Out of 3,437 public and privately run museums, only 51 per cent are currently open. A third of these open only on request.

One priority is to make sure more museums are opened and to make the visiting hours in existing ones more flexible. This summer, from now until September 14, a selection of the best-known museums and sites, such as Rome's Forum and the Villa

D'Este in Tivoli, are open in the evenings (8pm-11pm).

Veltroni wants to introduce more flexible and longer hours more generally. "This is a good way to organise the flow of visitors better," he says. As a movie buff, he introduced low ticket prices for afternoon sessions in cinemas and audiences increased by 5 per cent.

For the museums, he also wants more sophisticated ticketing procedures. Two months ago, a law ended the archaic system whereby a museum entry ticket was regarded by the ministry of finance as a tax - and no one can make an advance booking for a taxi. This has been dropped and advance booking and collective tickets (at discounts) for municipal and state museums in cities have been introduced.

Though anxious to make cul-

ture more accessible, Veltroni does not believe it should be free: "People should be made to contribute to culture: this creates a sense of responsibility towards their cultural heritage."

He is sanguine about the prospect of Italy coping with the volume of people visiting the nation's monuments. "You can't exclude people who have dreamed of seeing these things. Instead, galleries must become better organised."

Until now, museums were dependent on the ministry of culture for funds and were run as branches of the civil service. Each major museum is in the process of acquiring autonomy, with its own budget and a degree of freedom in finding sponsors. Veltroni says the introduction of a professional manager alongside the museum director will follow.

An experiment in this direction is beginning at the ruins of Pompeii, Italy's most visited site. Discussions are also under way to let Pompeii raise money for restoration and development through a bond issue.

Belatedly, Italy is realising that the commercial potential of its artistic treasures has been under-exploited. The ministry reckons there are untapped annual earnings of at least L1,800m. Veltroni does not want to go all the way down "the heritage culture" route of the UK, but he believes a far more entrepreneurial approach is necessary.

Three years ago, concessions for museum books, gift-shops and cafeterias were introduced. No one was prepared to take the risk because the concessions were only four years long. Veltroni has now eliminated this restriction

and the business has taken off quickly.

His practical approach is evident elsewhere. A law limiting works of art to a maximum six-month stay outside the country prevented Italy from making important contributions to international exhibitions. The limit has been extended to 12 months. "This means we can help with the major exhibitions and have more a part of the exchange process." The law on insuring works of art for exhibitions has also been altered to allow the state to act as guarantor and ultimate paymaster.

Veltroni has a clear preference for the modern: he's an admirer of the American way of life and with his regulation button-down shirts, he is often teased for modelling himself on the Kennedys. This preference is evident in the

help he has given the film business and is soon likely to have another important consequence. "I want to give more space to modern art in Italy. It has always been treated as a sort of poor cousin in public collections."

His critics say he devotes too much time to politicking and his job as deputy premier offers too many distractions. However, as deputy premier he gives the culture ministry unprecedented political weight, which means he can get things done.

"The national art museum had been blocked from expanding in the Palazzo Barberini, Rome, for 20 years, because of wrangles with the defence ministry which occupied part of the building. By getting all the necessary ministers and people concerned round a table, the issue was solved in one session."

If it were all that easy, the results would be miraculous. The other side of the coin can be seen in the process of cataloguing Italy's second art. "So far we've catalogued 6.5m pieces - less than 20 per cent of what we've got."

FAKE, by Michael Thompson-Noel: Chapter 2

Robert Mallalieu, a gold market specialist, is murdered, his throat cut and his watch stolen. Elizabeth, his widow, isn't happy with the police inquiry and hires a private investigator.

Mallalieu's clients included Dmitri Zhuruvsky, a Russian lawyer. The Russian appears to be associated with Moscow crime gangs and may have been laundering money via the London gold market.

The value of Zhuruvsky's gold investment has been undermined by falling prices. And he may have blamed Mallalieu for steering him into it. Zhuruvsky is the investigator's No.1 suspect.

Yet gold was not the only interest that drew Mallalieu and Zhuruvsky together...

Capitalism, red in tooth and claw, will not survive indefinitely.

It will test on for a while - a century or two, I reckon - because it has been carefully packaged, like something from a gift-shop.

But all things have to end. The dinosaurs were doing well, multiplying and diversifying. Then suddenly they were gone, blotted out of existence by a large, fast-travelling object that whipped in from the asteroid belt and fell to earth with a bang.

All that the dinosaurs left behind for us to see today were fossilised footprints, eggs, bones, teeth and dung. And some small reptilian descendants, most of whom work in journalism.

My name is Jane Astor. I am 33: an English-born, American-educated, London-based, self-employed private investigator.

I have a degree in zoology. I have also studied politics, economics and marketing. I own four Armani suits, two of which are counterfeit. And I drive a flamingo-coloured Peugeot 306 convertible. I think of it as a post-feminist statement. Not everyone gets the irony.

I used to work in Florida, where I was starting to make good money. For a while I was regarded as one of the four - some accounts say seven - most promising young investigators in the Miami office of Kroll Associates, whose main activity is corporate sleuthing.

But Kroll was a grind. American employers suck you soul-dry. I was not a happy woman. So, when circumstances made it possible, I returned to London and bought a house near Marble Arch. That was November 1994.

I work from home. I have an assistant, Paul Wilson. And I follow two rules, on the off chance that capitalism is doomed to extinction, or to revolutionary mutation, any day soon:

First, I handle only one case at a time. Second, I try not to work more than six hours a day, four days a week, 42 weeks a year. And I like long holidays. So does Paul. We go where it's hot.

My current client, Elizabeth Mallalieu, is the widow of a man who was murdered and robbed on a street in London's Little Venice eight weeks ago. Robert Mallalieu was the founder-chairman of a London firm that trades and invests in gold and other precious metals.

His throat was cut. He died in

the gutter in one of the most respectable parts of London.

Why, even on the modest scale that I represented, Elizabeth Mallalieu wanted to duplicate the police investigation of her husband's death was something I had not been able to ask about at our first meeting. Nor had we discussed my fee. She had been in a hurry to go out.

Three days later I went to see her again.

We sat in the same blue and white room at the back of the house. There was a large French window. Outside, trees dripped and steamed with moisture. Already, it was hot.

Someone was mowing the lawn. The noise came and went. Elizabeth Mallalieu was as beautiful as I remembered, and she displayed the same stillness. It was grief, I supposed, or shyness. Yet she was wearing a yel-

'It was a passion. They loved fake artworks. Both were collectors. It's a peculiar business'

low and gold striped silk skirt that was too short to manifest anything resembling shyness or grief.

"I want to Ascot the other day, as you suggested," I told her, "and talked to Simon Adams. You were right. He was helpful and no-evasive. I had a great time. Won some money, too, as things turned out." Adams is the managing director of the firm Robert Mallalieu founded, Brightsun Investments. Brightsun leases a box at Ascot.

"Yet we ought to clear the air before we go further," I said. "There's my fee, for a start. In theory, I charge £120 per hour plus VAT. But it never works out like that. The reason I quote £120 an hour is to repel clients I don't want. But that doesn't apply to you. And my last case finished two weeks ago. For an investigation like the one you've asked for, you'd get approximately four six-hour days of work from me per week, costing £1,050 a week, plus expenses. It's not a lot."

Elizabeth Mallalieu looked up.

"You're right," she said. "It's not a lot, as things go."

"And you could terminate my inquiries whenever you liked."

"That's nice," she said. She sat back and crossed her legs, draping a bare arm along the back of the sofa.

"What would you like to know about me?" I asked. "Qualifications? Where I've worked? Who I've met? Do you want to hear about the time I saved Nick Bollettieri from a \$150,000 scam? It was in all the Florida media."

Bollettieri is Florida's - the world's - best-known tennis coach. I like his sense of humour. For saving him \$150,000, Bollettieri gave me an old Dooney racquet that Andre Agassi once used for 30 minutes in a practice session at Boca Raton. There was a smudge of Agassi's lipstick on the handle.

"I imagine your qualifications are excellent," said Elizabeth Mallalieu. "As I said the other day, at first I tried Kroll Associates in London. They recommended you. That is good enough. I'm happy."

"OK. Another question: why are you hiring a private investigator at all? Your husband was robbed. Someone took his watch. The police are investigating his death as a murder committed in the course of a robbery. The chances of it proving to have been exactly that must be close to zero - I paused: the sound of mowing was irritating: then it fell away again - "... 95 per cent. Higher. It would be expensive and futile to duplicate the police inquiry. I'd be concentrating on the small chance that it wasn't a robbery."

"Fine," she said. "The police keep in touch. But they've discovered nothing. That's why I'm hiring you. Perhaps it wasn't a robbery. When all this is over I want to feel that I did what I could to see that Robert's death was thoroughly looked into."

"Did Robert have enemies?" She gazed at me levelly. "Using my money, that's what you'll find out."

I laughed. I was starting to like her. Beautiful women can be difficult to relate to. They can also be a pain, at least in my experience.

But her blankness had gone. She seemed to be relaxing. I could see how white her teeth were. She was 43 or 44, I guessed. Her husband had been 61.

"Robert was killed on May 9," I said. "In Blomfield Road, 700 yards from here, at about 6.45pm."



Was he usually home that early?"

"Robert wasn't coming home."

"Pardon?"

"He was coming to see me. Robert didn't live here."

"You were separated?"

"We married in '77, split in '83. We were incompatible. Most people are. I am sure you know the saying, Jane: marriage is an institution, but who wants to live in an institution? Are you married?"

"No."

"Then you must be doing swimmingly." She leaned forward to adjust her skirt, then leaned back again. "I wasn't blame-free, but Robert couldn't help himself. He was what you'd call a harem male. One male, unlimited females. I told him: 'Count me out.'"

She lit a Marlboro 100 from a small gold box. She didn't offer me one, but they're not my brand.

"So we split," Elizabeth continued. "We signed a legal agreement. Robert gave me this house and said he would pay all

expenses connected with our daughters' upbringing, especially their education. We have two: 19 and 18. Robert spoilt them. Once a month or so he came here for supper. That was the only time I saw him. We hadn't in fact divorced. He'd give me money for the children, then he'd go home. He had an apartment at Tower Bridge."

"At Ascot," I said, "Simon Adams told me that Dmitri Zhuruvsky, the Russian mentioned in the media reports at the time of your husband's death, was a friend of Robert's. And Zhuruvsky was a client of Brightsun's. But you haven't met Zhuruvsky?"

"No."

"Did Robert ever discuss him?" Adams reckoned that on paper Zhuruvsky was losing \$20m-plus on his gold investments. Robert was Zhuruvsky's friend. And he advised him about gold - but not very well, it seems. My assistant, Paul Wilson, has been into a few data banks, looking for Zhuruvsky's name. Fostering in cyber-

space throws up plenty of gunk, especially on the internet. But there are grounds for assuming that Zhuruvsky does indeed have criminal connections in Moscow. He moves in dangerous circles."

Elizabeth nodded her head. At that moment, the sound of the mower stopped. My client crossed to the window. I got up and followed her. The garden was a long one, with a fountain in the middle. To the left of the fountain a man - late 20s, shirtless - was wiping the mower's blades. He stood up. He looked like a boxer. He could see we were watching him.

"I'm glad that job's finished," said Elizabeth. "The grass is hard to keep down with all this drizzle-drozzle."

Our meeting was clearly over. We walked through the house. At the front door she said: "There's something I should tell you about Dmitri Zhuruvsky. His first met Robert about five years ago."

Their friendship, initially, had nothing to do with gold or with Brightsun Investments. They shared an unusual interest. In fact, it was a passion. They loved fake artworks. Both were collectors. Robert met Zhuruvsky at an exhibition of counterfeit art works. I think it was in Gent. I suppose Gent is in Belgium. From everything I've heard, the market in fakes is growing rapidly. It's a peculiar business. Some of Robert's fakes are kept in this house. He was glad of the storage. There are some catalogues around. I'll like them across to you. You're in for some surprises, to say the very least."

Her handshaka was firm and cool.

When I got home my assistant, Paul Wilson, was sitting motionless, eyes covered by a bandanna, listening to his trance dancing CD. When Paul plays *Shaman's Breath* by Professor Trance & The Enemisers, it means he is pondering our next foray into sports betting. Paul makes the selections, I keep track of the money.

"We are doing really well. Our best bet recently was Benny The Dip in the English Derby at 11-1. We won £1,100."

Paul removed the bandanna. He said he had been thinking about "the Wimbledon men's singles." There was a week to go before they started.

"I hope Tim Henman doesn't feature in our plans," I said. Henman is Britain's best young player in years.

Paul guffawed. "Henman's dead," he said. "He's nothing but a T-shirt."

"Ivanovic?" I asked. "One of those young Australians?"

"No way," said Paul. "Nobody will beat Sampras." Paul, who is 30, likes to wind me up.

"Gee, Paul," I said. "Old Pete Sampras. We're really getting bold."

Later, Paul went home so his mother could wash his clothes. I put his bandanna on the back of a chair and removed Professor Trance from the CD player. *Shaman's Breath* gets on my nerves. Instead, I tried to listen to Debussy's string quartet.

I closed my eyes and replayed my conversation with Elizabeth Mallalieu, but I had forgotten how eerie and unnerving the quarter's second movement can be. Elizabeth Mallalieu's voice fell away and was replaced by grainy pictures - pictures I did not want to see.

Robert Mallalieu holding his throat together. Falling to his knees. Watching his own lifeblood speckle and blotch the pavement.

I turned the music off. The night heat was stifling, but I locked every window.

... TO BE CONTINUED

Chapter Three of FAKE will be in next Saturday's Weekend FT

All characters in this novel are fictitious

FT Weekend Competitions

Welcome to the second week of our summer series of sporting challenges, in which we invite you to play a role in the most important seasonal sporting events. Each week, for the next seven weeks, we will be offering prizes to the readers sending in the wittiest and most imaginative solutions to the challenges we set.

Last week's challenge was to devise a rule change or gimmick that would convert non-playing nations to the game of cricket. The replies included removing protective clothing, playing with exploding cricket balls, beheading failed batsmen and other suggestions reminiscent of the blood-splattered film *Rollerball*.

Then there was sex. A change of attire, ranging from thongs to kilts and wet T-shirts and a Day-Glo codpiece, was strongly recommended and the sport is said by a few readers to lack scantily-clad cheerleaders.

However, here are the six winners' innovations:

- Let the fielders remain in place at the end of each over and make the spectators change ends (Paul Cleary, Drammen, Norway).
- Stage a one-day match between the US World Series

baseball champs and the best cricket team. (Stow Kerner @dpm.com)

- Batsmen will be given out for "disrespecting the audience" if they face more than 11 non-scoring balls in succession (J.P. Rangaswami, Berkshire).
- Rain will not stop play (B.W. Tilling, Dunstable, UK).
- A pint of Pimms to be downed by the offending batter every time a 6 is scored (Polly Fergusson, Chelsea, UK).
- All admission tickets to double as lottery tickets to get more people into the grounds (Edward Palmer, Harrow, UK).

Conditions
This week's competition is open to FT readers aged 18 years and over. Entries must be submitted to one of the above addresses by the specified date. The winning entries, as selected by an FT Weekend panel, will be published in the FT on Saturday July 5. The decision of the judges is final and no correspondence will be entered into. All prizes will be dispatched to winners within 28 days. There is no cash alternative. Copyright in all entries will remain with the Financial Times.

COMPETITION TWO: Tennis

Wimbledon fortnight sees the greatest display of grass court tennis in the world. But the fear is that the big servers are making the game too dull to watch: no thrilling rallies, just two giants smashing tennis balls at each other.

What, if anything, should be done? This week, we want you to send us your workable or whacky ideas on how to slow down tennis's big servers.

The six cleverest solutions will be rewarded with a bottle of pink champagne and a thick book, suitable for long days under an umbrella at Wimbledon, chosen by our Literary Editor, Annalena McAfee.

How to enter
Send your entries by post to Weekend FT, Summer Competition (Tennis), One Southwark Bridge, London SE1 9HL, or by electronic mail to tennis@ft.com or by Fax to (44) 0171-873-4433. Entries must be received by

noon, British Summer Time, on Wednesday. Please provide name, address and daytime telephone number.

The ultimate challenge
At the end of the two months, we will set the ultimate challenge - a competition to end all competitions, based on Fake, Michael Thompson-Noel's summer mystery story. This final contest will produce two winners, each of whom will receive two business class return tickets for air travel within Europe, courtesy of Lufthansa.



£1,100



Marquez: the Colombian master story-teller exposes the late drug baron Pablo Escobar as a megalomaniac with a terrifyingly cynical disregard for humanity

Chronicles of death foretold

Jimmy Burns finds Gabriel Garcia Marquez returning to his reporter's roots with great effect

Organised crime has come a long way since the days of Al Capone, once described by American writer Jay Robert Nash as a "near illiterate who acquired millions and knew not where to spend a dime of it."

Contemporary big crime bosses are more powerful and dangerous than Capone ever was. They command whole armies, terrorise whole communities, and not only undermine government and institutions but extend their tentacles across the international financial system.

Such was the case of the late Pablo Escobar, who in the 1980s and early-1990s was the boss of Colombia's notorious Medellin cocaine cartel, bane not just of his country's historically corrupt and violent society, but also of an international market of coke addicts from Brixton to Buenos Aires.

The US failure to curb the main domestic demand for the drugs, and the inability of the international community to devise alternative employment for the thousands who rely on the trade for their livelihood is not touched by the Colombian writer Gabriel Garcia Marquez in his latest book.

But Marquez does courageously

confront and denounce the evils of his own country in spite of knowing that to do so remains a high risk business since Escobar's successors and guerrilla groups continue to conduct a dirty war with the authorities.

The activities of Escobar provide the focus for *News of a Kidnapping*, a piece of remarkable investigative journalism made all the more brilliant by the author's talent for magical story-telling.

The author is uncompromising in his exposure of Escobar as a megalomaniac with a terrifyingly cynical disregard for humanity and the laws of democracy. He is Big Brother, Colombian-style - a control-freak, trusting no one but himself, "more dangerous than anyone supposed, because there was something supernatural in his serenity and self-possession."

Early on in the book, a young teenage girl wearing an expensive dress and heavy make-up is dumped on the side of a road, a trickle of dried blood on her forehead; she is one of Escobar's "dolls", discarded after a party. A callous disregard for life is the backdrop to the main thread of Marquez's narrative, which is the hostage-taking ordered by Escobar as a way of pressuring the Colombian government to suspend the

policy of extraditing drug traffickers to the US.

As Marquez tells us, "news of a kidnapping, no matter how painful, is not as irremediable as news of a murder." The nature of kidnapping provides the narrative with its tension: the world of the hostages is a world within a world, where strategies for survival are worked out and illusion and reality interpenetrate.

There are familiar Marquez

NEWS OF A KIDNAPPING
by Gabriel Garcia Marquez

Jonathan Cape £16.99, 291 pages

themes here. An underlying solitude links the victims and those who try and help them to get out - the fear of death. One of the victims' husbands, overwhelmed by his powerlessness in the face of events, closes down his psychiatric practice, after deciding he is in worse shape than his victims. He deals with his insomnia listening to tearful boleros of lost love while getting drunk.

By contrast, Alberto Villamizar gives up drinking on the day his wife and sister are abducted because he knows that "alcohol lowers your guard, loosens your

tongue, somehow alters your sense of reality." Inside one of the safe houses where Escobar confines his victims one of the hostages, Azucena, a young newly-wed already in matrimonial difficulties, finds a new adrenalin with imaginary jealousy. She takes to writing love letters to her husband in the knowledge he will never receive them.

Isolation provides a breeding ground for eccentricity, as much as it did in *One Hundred Years of Solitude*, the novel that put Marquez on the map of world literature when it first appeared 30 years ago. The victims are haunted by the sound of a demented rooster with no sense of time. And there are stories of deaths foretold. Thus on the night before she is taken away and shot by her abductors, 60-year-old Marina sees a dark shadow floating in and out of her dreams.

Later, when she is disinterred from a common grave, her naked body covered in mud, she is recognisable only to her son; for "when he looked at her hands, and placed them over his own, all his doubts vanished. They were the same."

Marquez manages to convince us that the fantastic, in the case of Colombia, is part of reality. Thus one of Escobar's rival drug barons, Fabio Ochoa, is a "patriarch weighing 330 pounds with the face of a

boy, who at the age of 70 bred fine-gaited Colombian horses and was the spiritual head of a vast family of intrepid men and powerful women."

Other characters include an astrologer who foresees Escobar's death - "one of the worst conjunctions, Mars and Saturn in Virgo." There is also a priest whose "reputation as a lunatic grew along with the popular belief that he had a supernatural ability to talk with the waters and control their direction and movement." Religion - the Catholic faith as ritual and superstition - has as much impact on Escobar's thugs as on their victims by showing up their failings as human beings.

What is never lost is the sense of deep political and social malaise alongside which the personal dignity and integrity of some of the hostages achieve heroic proportions.

With this book, Marquez has gone back to his professional roots as a reporter - "all good journalism", he has said, "must by definition be investigative." But you also need to be a good story-teller to write a piece of Colombian news with universal appeal. As the author's biographer Dasso Saldivar has put it, "Marquez doesn't invent, he transforms."

to Reynolds, and showed how craftsmen transformed themselves into artists in one generation.

Again and again, Brewer breathes life into the footnotes in history - gentlemen composer John Marsh, Newcastle engraver Thomas Bewick, literary lady Anna Larpent - and shows how the emphasis on taste and politeness soon led to the idea of a refined person "as someone who had an overwhelming spontaneous emotional response to art, an idea that was to culminate in the Romantic view of art."

I was taught that the Romantics, self-conscious and agonised, followed by the Victorians, doubting and repressed, were the originators of the self-aware, existential modern sensibility. Brewer connects our world-view more intimately with the 18th century, with women-about-town like Anna Larpent, taking her children to concerts and the zoo, recording her aesthetic responses, and writing in her diary "I love this conversation with myself." Here is an optimistic, detailed picture of society emerging as we would recognise it today.

The major flaw - and this is reflected in the prose - is that it lacks critical spirit and provocative energy. Brewer's style is pedestrian, and over 700 pages his repeated formula - to take one obscure character or incident, and from it extrapolate the varieties of commercialising art forms - palls, while he pushes the contemporary parallels too far in order to compensate.

But as a consumer item, the very product it celebrates, this book is superb: exquisitely printed, illustrated with portraits and caricatures, interiors of music rooms and panoramas of pleasure gardens. It seems ungracious to ask for more.

A breath of life in the footnotes of history

Jackie Wullschlager finds a mirror held up across the centuries

A story from the wrong century kept coming back to me as I meandered through this fat, glossy book about Georgian culture and its impact on our own civilisation. "Is the story about me?" asks the Water Rat in Oscar Wilde's fairytale *The Devoted Friend*. "If so, I will listen to it, for I am extremely fond of fiction."

Most people buying John Brewer's book will be upper-middle-class professionals, city-dwelling house-owners who spend their leisure time in theatres, concert-halls or art galleries. *The Pleasures of the Imagination* is about their 18th century counterparts, "a large class of moderately prosperous property-holders... able to enjoy... the 'decencies' of life, to buy books and prints and to attend musical evenings and the theatre."

They were, according to Brewer, the first members of a consumer society. They bought and sold entertain-

ment, developed the persona of the civilised, tasteful urban sophisticate, and they defined and enjoyed high culture, the collective identity given to painting, theatre, music and literature which we accept today.

Brewer has made the dissection of 18th century consumer culture his life's work since the 1960s, but this is blockbuster history, aiming, he says, "to build a bridge between the general reader and academic scholarship." It establishes the roots of much of our cultural heritage: "In 1660, when Charles II was restored to the throne, there were few professional authors, musicians or paint-

ers, no public concert series, galleries, newspaper critics and reviews; by the dawn of the 19th century these were all part of the cultural life of Britain". It is accessible, uncontroversial, and an example of how scholarship can be distilled and so turn cultural history into a popular genre.

For what Brewer does is to hold the mirror up across the centuries, and show us ourselves, dignified by tradition and historical sources. London in the 18th century, brash and swinging, is also 1990s London, hippest city in Europe. Money talks - Jonathan's Coffee House in Exchange Alley, a centre "of conversation and intelligence" is the origin of the modern stockmarket; its neighbour, Lloyd's Coffee House in Lombard Street, issued its first shipping list in 1734. The service culture makes the city move: "England had already become a nation of shopkeepers". The democratic spirit is dominant: "the rise of the arts in England was the triumph of a commercial and urban society"; there is even "the feminization of a culture" in which women began to write, act, paint.

There is much to enjoy here. Brewer is good at anecdotes which illuminate a shift in social patterns, such as the farcical story of the first performance of Handel's *Music for the Royal Fireworks* in 1749. Commissioned by George II, incompetent court officials could not stage the piece without the equipment and fireworks of Jonathan Tyers, an entrepreneur whose price was a public rehearsal and the proceeds of all tickets. Tyers' show at Vauxhall Pleasure Gardens, before an audience of 12,000, was a dazzling success and he pocketed £1,500; the King's command performance at Green Park on a wet night a week later turned to disaster when couriers, impatient with the damp sparklers, accidentally burnt the place down.

Art form by art form, Brewer shows how the com-



Actor-manager-impresario David Garrick as Richard III

mercial sense of the middle-classes shaped culture as aristocratic patronage declined. Samuel Richardson, jobbing printer turned writer, became a national icon with his prudish novel of servant-girl morality.

THE PLEASURES OF THE IMAGINATION: ENGLISH CULTURE IN THE 18TH CENTURY
by John Brewer
HarperCollins £30, 721 pages

Pamela, David Garrick, actor-manager-impresario, restored Shakespeare as the mainstay of the British stage with a week-long festival of masques and popular plays at Stratford in which not one line by the Bard was uttered. Ozias Humphry, son of a lace manufacturer and shopkeeper, became a socialite portrait painter second only

Dancing in a fighter's footsteps

This choreographer's life was no carousel, writes Clement Crisp

We have all known them, those driven, inexorably ambitious, exhausting women whose lives are a juggernaut progress of ambition, frustration and achievement. "Run for cover" is the best advice to anyone who gets in their path, and the warning was worth giving to many who worked with the American dancer, choreographer, writer, Agnes de Mille.

Her story is told in Carol Easton's *No Intermissions: The Life of Agnes de Mille*. A member of the cinema's de Mille family (her father was William, the more famous Cecil was her uncle), and a grand-daughter of Henry George (the apostle of Single Tax), Agnes's ancestry brought her intelligence, will-power, and - unfortunately for someone who dedicated herself to dancing - an intractable body. (The will-power and intelligence would show her how to overcome that hurdle. She progressed from dance-recitalist to influential choreographer, and her work on the first Broadway stagings of *Okla-homa* and *Carousel* is to be accounted her finest achievement. She won a vital place for dancing in the future of the musical.

The measure of her strength is also seen in her triumph over adversity, both physical and (as distressing) aesthetic, when illness struck and her ballets fell from favour. She survived a massive stroke in her 70th year and, wholly paralysed on her right side, rebuilt her career, even to making her choreography, where a lesser woman would have surrendered. Surrender was not in de Mille's nature: she was a battler, sustained by a belief in her own gifts. That she outlived her identity as a creator of dances is a central tragedy of her life. That she was a fine writer, author of one of the very best books about her art - *Dance to the Piper*, her first volume of autobiography - is a central irony of her story. The writings will survive. "The dances, I suspect, will not."

Writing about dancing is difficult. Agnes de Mille did it with an ease and wit that make every page a delight, and a reproach to most of the rest who try. Carol Easton, apart from a couple of clangers about the Ballets Russes, sets de Mille clearly and honestly in her setting. Urged by her thoroughly tiresome mother to "Do something", devoted to a father who could icily declare "I'd rather love you for what you do than because you're mine", young Agnes struggled, and after each disappointment as a dancer would (in the words of the song) pick herself up, dust herself down, and start all over again.

Persistence, and fortunate

the piece carries conviction. And *Rodeo*, when I last saw it a couple of years ago, takes place in a western ghost town. Despite de Mille's every effort - which included forming her own short-lived troupe - she could no longer justify her creativity as the 1960s got under way. Easton is very good on this decline in her subject's fortunes, as she is on her role as wife and mother. (Much had to be sacrificed to the career.) Nor, despite her sympathy for a woman whom she knew only in her last years, does she disguise de Mille's ferocious need to have her own way. Phyllis McGinley called her "brave, thorny, great-hearted", which is a far more just summation than Julie Styne's "a lot of people in the theatre respected Agnes, but they didn't like her".

She was, above all, a fighter. She fought for dance, by making people understand and enjoy it through her dances and writings and lectures. She fought, politically, for artistic freedom in a McCarthyite age. She was also, less successfully, a fighter for her own talent. Like a good fighter she did not pull her punches, and her opponents could not forget this. It is to Carol Easton's credit that we understand this, and admire Agnes de Mille for herself as well as for what she gave us.



Intelligence, willpower - and an intractable body: Agnes de Mille with Warren Leonard in 'May Day'

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BOOKS

Low-down on tennis

Nick Bollettieri, an American, is the world's best-known tennis coach. *My Aces, My Faults*, written with the help of ABC News sports correspondent Dick Schaap, is both the story of his roller-coaster career and a treasury of insights into the pressures of life on the professional tennis circuit.

In many sports, says Bollettieri, black players usually hang out with other black players and white players with white players. But in tennis, the top players do not hang out with anyone, black or white. The reason, he says, is that tennis is the "ultimate individual sport".

Leading players of the present or recent past who have spent time - sometimes years - at Bollettieri's tennis academy in Bradenton, Florida, include Andre Agassi, Monica Seles, Jim Courier, Jimmy Arias, Carling Bassett, Mary Pierce, Mark Philippoussis and Iva Majoli. At one stage Bollettieri took charge of Boris Becker's waning career.

A former US army paratrooper who was never any sort of tennis player himself, Bollettieri is famously obsessive, brash, vain, egocentric, dictatorial, OTT and tireless in the pursuit of his protégés' success - qualities that contributed to the break-up of his five marriages. His tennis school was described by one TV reporter as the capitalist version of the communist east European approach to training.

But Bollettieri has moulded so many stars that he is also, clearly, a superb motivator of young sporting talent, a shrewd tennis strategist and an unusually gifted teacher.

And he has a nice line in self-deprecating humour. One Christmas Eve he walked into the pro shop at about 9pm. Bollettieri noticed that some tennis shirts were not folded properly. He told the pros to refold the shirts, and then dust the shelves, because he expected Christmas Day to be a big day in the shop.

"The guys looked at me like I was Scrooge. Before they could protest, I started screaming at them, telling them what it was like when I

was in the army. I got a little carried away. I told them what it was like to be in a foxhole in Korea, eating mud and rice on Christmas Eve" - an experience of which Bollettieri had no experience whatsoever. One of the coaches protested that all they wanted was to go home because they were due to start work the next morning.

Christmas Day - at sun-up - "I yelled at them for five more minutes, just for practice," says Bollettieri, "and then let them go home."

He is also extremely funny about Andre Agassi. When Agassi was an infant, his father hung a tennis ball above his crib. When Agassi was big enough to sit in a high chair, his father taped a cut-down ping-pong paddle in his hand and tossed him balloons to swat. By the time he could stand, Agassi was wielding a full-size racket. His hand-eye co-ordination

was already extraordinary. Yet Bollettieri had never met a kid like Agassi, who was pigeon-toed and had big eyes highlighted by makeup. Once, Bollettieri summoned him to his office. "I yelled at him... I lectured him. I told him: 'Andre, you just can't go to school the way you want, in red hair, orange hair, lipstick, earrings, everything else.'"

The training and upbringing of young tennis stars is often portrayed as a form of exploitation amounting to abuse. But Bollettieri, with his matter-of-fact reporting and insider's perspective, puts things in another light.

According to him, the sometimes-troubled tots who spend their childhoods and teenage years being groomed to chase tennis titles (and millions, they hope, in prize money and endorsement fees) know what it's all about from the moment they cross the Bollettieri threshold. They want to win. *Must win*. What Bollettieri does is show them how.

Michael Thompson-Noel

MY ACES, MY FAULTS
by Nick Bollettieri and Dick Schaap
Robson Books £17.95, 346 pages



Unknown young man with flower from 1946 to 1962. Seydou Keita took thousands of studio photographs in Bamako, capital of Mali. His work was recently rediscovered by André Magnin, curator of the Contemporary African Art Collection in Paris, who, in the introduction to a new book of Keita's photographs (Scale £20.50, 296 pages), celebrates the candour and quality of the pictures. "Through his quest for accuracy," says Magnin, "Keita seems intuitively to have reinvented the art of the portrait."

The psychology of the steed

Sylvia Loch welcomes valuable insight into the inherent makeup of the equine

Edward Muybridge wrote his classic book with the aid of photography in 1888, and some modern British authors have bravely tackled the subject of the horse's mind. It is hard for the average person to keep up with the latest discoveries concerning sight, hearing, nervous response and the role of muscle fibres.

Now thanks to Budiansky, the salient points from years of carefully gathered information are presented to the ordinary rider in a readable and useful form. Perhaps the greatest benefit from our increased understanding will be to the horse himself.

As a teacher and trainer of dressage horses, I have come

to believe that horses are remarkably intelligent creatures. Their ability to learn by association of ideas has always been a cornerstone of the schooling process. Unfortunately, too many people still believe equus caballus to have a pea-sized brain and an inherent characteristic of stubbornness. As Budiansky points out, the opposite is true: horses possess a relatively large brain and are quick to adapt. But we cannot always predict their reactions.

From our self-centered, human point of view, what we usually mean by intelligence in an animal is its ability to learn the task we set it. Thus, we have come to

assume that dogs are more intelligent due to their ability to carry out certain cognitive functions which, in humans, would involve reasoning powers. The truth is

THE NATURE OF HORSES
by Stephen Budiansky
Weidenfeld & Nicolson £18.99, 256 pages

that a far higher degree of intelligence is involved to coordinate the equine's extraordinary range of gaits and movement, particularly with a human being on its back, than it takes for a dog to pick up a stick.

It is these misplaced assumptions that have thwarted the life of many a horse, both in modern times and in ancient. Yet horses revolutionised man's existence by giving him mobility and silently co-operated when coerced into fighting man's battles, despite the fact that by nature equus is a quiet, social and largely submissive herbivore who detests the smell of blood, and is fearful of loud and sudden noise. Indeed, so sensitive is he to outside stimuli and to pain that he can be just as easily dominated by the sight of a stick as by his blow.

It is the survival of the horse as a species which

forms the introductory chapters to this fascinating book. Horses could so easily have been wiped out of the evolutionary picture altogether when ancient man, in his role of hunter, set about their mass destruction together with that of the mammoth, tiger and giant elk in North America about 10,000 years ago. Only when the sailing ships of Christopher Columbus, and his Spanish and Portuguese counterparts, brought their Iberian steeds to the New World did the Indians become mounted again. Luckily for them, and for us, the peoples of Europe had decided to domesticate the horse rather than to eat him.

The Nature of Horses gives a cool, logical and sometimes humorous appraisal of what it means to be a horse and a fascinating résumé of all those unanswered questions: Why do horses behave in a certain way when praised or punished? Why do those who work with body language and use of the voice enjoy success? And why does a horse risk his neck every time he jumps a fence by the sheer fact that he jumps it blind?

This book should not only be savoured by horsemen and horsewomen worldwide, but by anyone who purports to enjoy animals and what is left of the natural world around us. Unlike the unfortunate black rhino or the giant panda, equus caballus is not being faced with extinction. There are 14m globally which, according to Budiansky, remains something of a miracle.

Thrillers Death and the Emu

Somebody had to write a great Maasricht thriller and that somebody had to be Dutch. Only the Dutch would find the process of achieving monetary union a captivating business. And yet, *The Ostrich Code* is something of a page-turner. This is because Roel Janssen, one of Holland's top financial journalists, knows how everything works. He also seems to have received low advice from a well-placed insider or two that hints at some sour subterranean relationships in the complex world of European central banking.

Janssen has written a double-headed whodunnit. Who killed a middle-rank employee of the European Central Bank just before the currencies lock together at the end of 1998? Who tried to kill off the French franc at the same time? Since the path to finding the answers is a bit complex for the average reader, Janssen provides us with a kind of chorus which from time to time

assembles in a TV studio or radio interview to explain to the non-cognoscent what the pros and cons of EMU are, what it all means and

how to mount a currency attack. He gets away with it: everybody will understand the dénouement, which emerges as a nice piece of Euro-realpolitik.

In spite of the hectic activity of dealing-rooms, web searches, high politics and low deals, there are lighter moments: there is the occasional forex dealer with large breasts and small skirts and the evolving relationship between our hero, "Globy" Kemper, and lovely central banker, Arlette van Starren.

Dutch is a language that is well designed to cope with the exigencies of survival below sea level - dyke-building for example - but does not lend itself to *petites tendresses*. (The American writer, Bill Bryson, says that he overheard the manager of a cheap Rotterdam hotel on the phone to his lady-friend, "I will slobber in your leggings," he cooed.) Thus the high point of *The Ostrich Code*, romantically speaking, comes when Arlette rummages around among her souvenirs of London and produces a condom to cement the relationship.

The book deserves an English translation, if only for its Maasricht-made-easy qualities. It will also provide excellent reading for next summer as doomsday draws near. That is, if someone has not already killed off the Emu. The events of recent weeks might make an even better story, but no writer could have dreamt up anything so ridiculous. *The Ostrich Code* postulates a situation that is too rational to be true.

James Morgan
James Morgan is BBC World Service economics correspondent.

General Xenophon is acknowledged to be the first academic horseman to put pen to parchment, just prior to 400 BC. Since then around 5,000 different titles have been published on the schooling and training of horses. These vary from the inspirational to the banal, with some unlikely theories on horse psychology often masking the truth.

In *The Nature of Horses* Stephen Budiansky, former US editor of *Nature Magazine*, explores the mind and evolution of the horse from a strictly scientific overview. His well-researched, sourced and tabled book will give horse owners, of whatever discipline, valuable insight and perspective into the inherent makeup of the animal in their care.

Whilst the biomechanical aspect of horses has been explored sporadically since

Young Turks of Europe

increasingly aware of Turkey's importance in the shifting balance of power. They see Ankara as the last frontier between Christendom and Islam, and they view Refah's rise with horror. The old Ottoman empire may be dead, but from the ashes of the Soviet Union a string of Turkic

THE TURKISH LABYRINTH: ATATURK AND THE NEW ISLAM
by James Pettifer
Viking £18, 245 pages

states has emerged, stretching from Turkey's eastern border almost as far as China. Turkey may be outside the European Union, but her role in the east - and her proximity to the new oil-fields of Azerbaijan - is growing daily more significant. We need to know more about Turkey, and most of us, though we bask in her beaches, know little.

Pettifer's book is a good place to start, though its limitations are clear from the outset. It was topical when it went to press in

January - predicting the current tug-of-war between Refah and the army - and it is journalistic in both good and bad senses of the word. Pettifer evokes the decent ordinariness of Turkish life beyond the tourist traps, and provides vivid snapshots of places few Europeans see - the Kurdish stronghold of Diyarbakir, for example, and a grimy, foggy equivalent of Dickens's *Coketown* by the Black Sea - but he too often resorts to wessel-words like "perhaps" and "probably".

Going by train to Ankara, he looks out of his window and sees an old woman with a goat. "She represents the rural decline and despair of Turkey, with her sons perhaps working in German factories..." The ancestors of the girls he sees working computers in Istanbul banks "probably worked abacuses for the sultan". His descriptions of the city's lower depths resonate with references to Henry Mayhew, but what his account glaringly lacks is Mayhew's intimate, passionate vision. "Probably" and "perhaps" won't do.

Illustrating his argument with some appalling stories, Pettifer indicates the Turkish police for torture and murder, but he points to clauses in the Turkish constitution which are wholly incompatible with modern notions of human rights: this is where Amnesty should concentrate its fire.

Surveying the Turkish diaspora, he concludes that the fate of Kurdistan may be ultimately decided on the political playing-fields of Germany. The UK's "Kurdistan", in Hackney, is small, because the home office does its best to keep Kurdish refugees out of Britain. In any case, the fate of the Turkish diaspora is that of Cyprus - on which Pettifer has nothing to add, because there seems nothing more to be said. The rift is steadily deepening, the wessels piling up.

The Turkish Labyrinth may be flawed - and its index insultingly inadequate - but it scotches some pernicious myths, and opens up avenues which other writers should pursue (notably, Refah's attitude to sharia law, and the growing tensions between Refah and the army). And it gives new credence to the old cliché, that Turkey is not a country but a continent. We should treat it as such.

Michael Church

Proust and prejudice

Richard Cobb, a former professor of modern history at the University of Oxford, will be remembered among other things for a celebrated remark that he had never read Proust. Possibly this was an affectation, since he seems to have read practically every other French novelist and even noted their rankings on French paper money - "Rugby, rightly, scored very low, Flaubert topped at a prestigious 1,000 francs". Perhaps it was a lapse of memory, though that seems unlikely. The most plausible explanation is that Cobb was so steeped in Proust that their styles became inseparable, or that they had been governed by the same influences.

Certainly *The End of the Line* has Proust written all over it. This is Cobb's last book; he died last year. Towards the end of his life he had taken to writing a series of memoirs and personal impressions, not structured, dotting about all over the place, and nearly always delightful to read. It was an extension of his work as a historian where he tended to mingle history and autobiography: public events with private affairs.

The formula works. Cobb is the only writer I have come across who admits to greeting the mushroom cloud over Hiroshima with "a great deal of pleasure and an enormous sense of relief". He saw it in a French cinema and wondered afterwards if it might have been Nagasaki. It meant that he could come out of the war and there was no danger of being sent to the far east.

Cobb was never, despite his

THE END OF THE LINE: A MEMOIR
by Richard Cobb
John Murray £20, 229 pages

reputation, a complete anarchist. He liked pottering about. He even quite liked the army, which he knew would never make him an officer despite his fairly conventional public school and Oxford background. As he wrote here, he liked living "on the fringes of places and organisations", which is what he did. He claims that he never really joined in any form of protest about anything, at least with a capital "P".

He was also, however, a man of great prejudices, for which he seldom apologised. He said he real-

ised he could speak French when he lost his temper with a French taxi driver who had overcharged him. He could not stand Austria - "folklore, embroidery, ribbons, feathers, funny hats and leather shorts; generally the outward trappings of some form or other of green fascism" - and therefore, by extension, Germany. He thought the German language "rather ridiculous" and later in life called it a "Lego-language". He believed that the real frontier between the two Europes is that between "beds tucked in and beds topped with unattached red things" - the difference between duvets and sheets.

At least he was honest about it. In a chapter written just before his death, he returned to his geographical bias. He was glad he had never been to Munich, thought that Chicago was beautiful and Washington awful, and longed for Buenos Aires - "a combination of Paris in the 1890s and Kensington in the 1950s". Then, in the very last line, he gives it away: "Not quite *not d'autre-fois* - nor a Proust. But the best I can do for now." The best is very good.

Malcolm Rutherford

24 JUN 1997

ARTS

Under the spell of a cerebral artist

William Packer changes his mind about the work of Fernand Léger

It is salutary to have one's prejudices confounded. Until now I have always thought Léger dull and predictable in his work, what with all those schematised tubular figures and thick black outlines, an artist undoubtedly to be respected, but for an achievement that was not exactly one to relish. His place in the pantheon of early Modernism was secure enough, but of all those to emerge from the Cubist revolution around 1910, he surely was the one most limited in his development, the one to find a pictorial formula and stick to it.

Well, yes and no - as we can see from the retrospective now at the Centre Pompidou in Paris. Born in 1891, he trained as an architect, and it was not until his mid-20s that his career as a painter began in earnest. The Impressionist-influenced work of this initial period he destroyed, and the earliest paintings we now see, "The Seamstress" and the rather larger "Nude in the Forest", both of 1909-10, are openly, if rather mechanically, Cubist in affiliation.

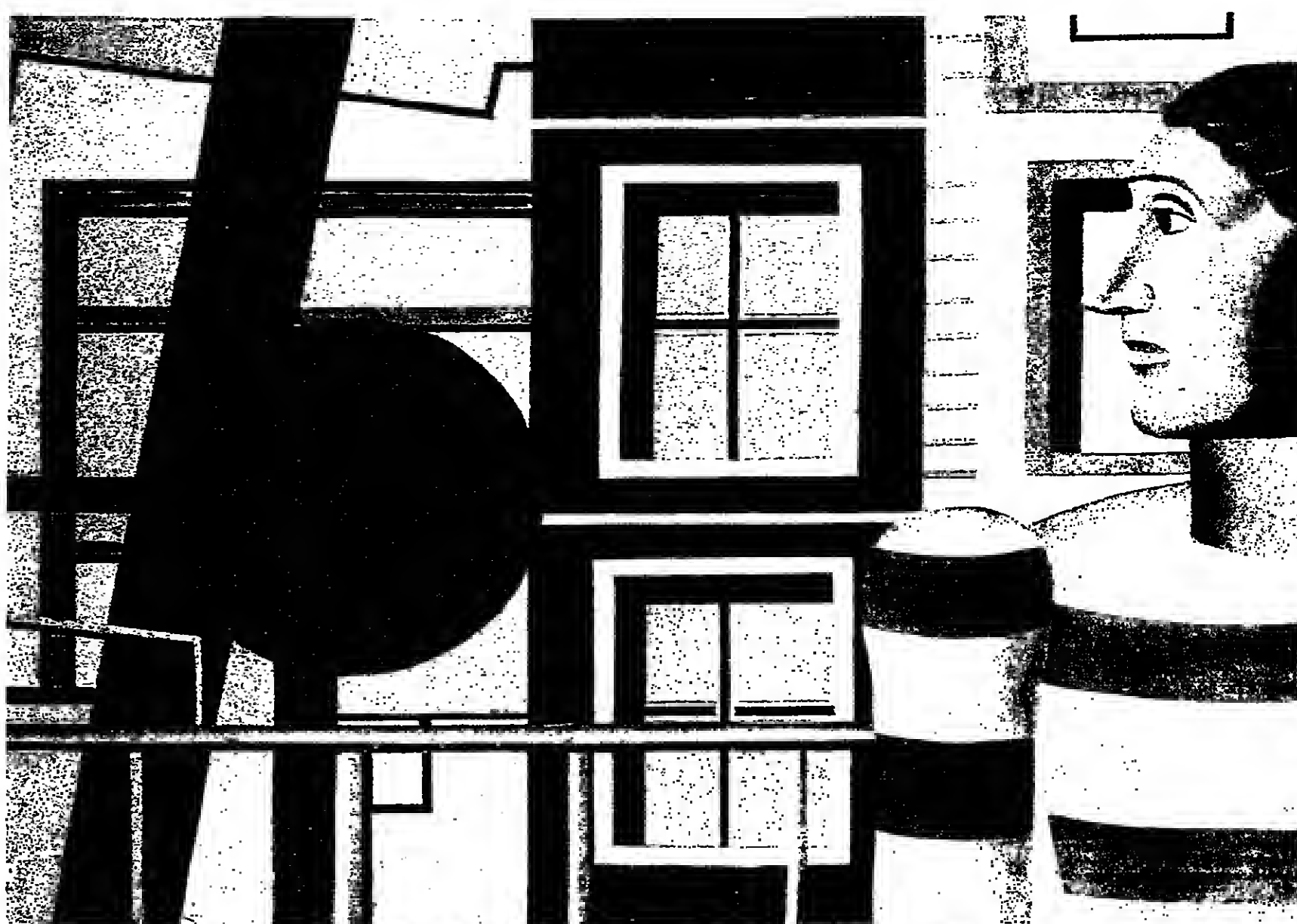
The pattern seems clear. Here is an intelligent man, ambitious to be an artist but with no marked facility who, having changed course in his career, has made a deliberated critical choice. In 1908 he had taken a studio beyond Montparnasse, in close touch with the younger avant-garde. Soon he was known to Kahnweiler, Picasso's dealer.

With an eye to the main chance, he had set out his stall.

And from the start he took himself very seriously indeed. Throughout his life, he always seemed to know full well what he was doing, ever theorising, justifying, politicising. It is in his cerebral aspect as an artist that he is at once appealing and convincing, and yet so cold a fish. There are times when the work matches the man in just this way, with a deadening sense of the image fixed upon beforehand, the scheme applied, the paint filled in.

"For two years", he said in 1919, looking back on his work before the war, "I manipulated the forms, I constructed. I was the most conscientious and dull-muscle one could wish for... Little by little the colour reappeared... Then the tones reasserted themselves, they became local. No Impressionism, no visual blending." Twenty-five years on he is still at it. "To express movement, I took cyclists as a theme... I dissociated the colour from the drawing. I liberated the colour from the form and spread it across large areas without making it conform to the contours of the objects: it kept all its force, and so did the drawing." All is method, application and control, and how dull and earnest he makes it seem.

Seem, indeed. The surprise lies in the degree to which he is mistaken even in himself. For, in all his apparent consistency of purpose, there is in fact a remarkable variety within the work, and a sense of other possibilities, tentatives left unresolved, roads open that he might have followed. In the work around 1912, the importance of Cubism notwithstanding, we find a decided affinity with the more lyrical Orphism of Delaunay, a nod to Brancusi, and something of the romantic colour and disrupted spaces of Chagall. In his shift towards abstraction after 1913, especially in the drawings, there



"L'Homme au Chapeau", 1924 by Léger: Picasso apart, no artist has had a greater influence upon not just fellow painters, but all graphic and applied arts

is a more than a hint of transitional Mondrian. Elsewhere we think of late Kandinsky, Malevich, Magritte.

His service in the war confirmed him in his political commitment to socialism and the common man. "My new comrades were miners, navvies, workers of wood and iron. I discovered there the people of France." The experience brought him back from abstraction to an irrevocable commitment to figuration. Yet, far from the images

we might have expected, heavy, serious, engaged, the drawings he made in the trenches have the lightness of touch and graphic wit of Nash or Lewis, Lepape or Laboureur.

There can be no modern artist, Picasso apart, who has had a greater influence, not just upon fellow painters, but upon all the graphic and applied arts, from art deco to pop. And looking at the work we can see just how English painters as various as Ben Nicholson (a drawing of a

mug), Howard Hodgkin (a dab of green on black), David Hockney (a rubber-plant) and Patrick Caulfield (the pure silhouette) have at different times and in different ways, come under his spell.

An artist cannot be narrow and predictable, and yet so various. And looking into the paintings as paintings, the quirkier, more intuitive and truly painterly they are. I don't yet say he is my favourite painter, but there is now at least one still-life, even

two or three, I truly covet. "I wished to mark a return to simplicity by an art that is direct, comprehensible by everyone, without subtlety. I believe it is the future, and I love to see the young taking that route." He remained serious-minded to the end, but a painter too.

Fernand Léger Retrospective: Centre Georges Pompidou, Paris 4me, until September 29, then on to Madrid and New York. Sponsored by Maison Pierre Balmain.



Imported lock, stock and tarrhelm from Oslo: the promising tenor Jyrki Niskanen as Siegmund in Norwegian National Opera's 'Ring' in Norwich

Charmed by an off-the-peg 'Ring'

The next best thing to seeing *The Ring* for nothing, which is what critics pay, is to get it for £37.50. That is the price of the cheapest seats at Norwich's Theatre Royal for the cycle of four operas ending tonight with *Götterdämmerung*. Unlike most theatres where *The Ring* is performed, the intimate proportions of the Theatre Royal mean that even the worst seats offer good contact with the stage.

So is the Norwich *Ring* a bargain? Listening to Wagner's impassioned string writing on Wednesday, as Siegfried plunged through the magic fire circle to claim his bride, the answer had to be "yes". The production has been imported lock, stock and tarrhelm from Oslo, where the Norwegian National Opera built it over the past three seasons. But I hear you say, the Norwegian National Opera is not exactly world-renowned - for Wagner or anything else.

Well, you should have been in Norwich. Many a more glamorous company has come to grief over the accursed *Ring*. Many boast a finer orchestra, indulge in a more glibly production and

But for £500,000, Norwich got a well-run-in, off-the-peg *Ring* which charmed its audience.

The Norwich *Ring* is the centrepiece of the "Year of opera and musical theatre in the east of England" - a grandiose title which begs questions about what will happen to musical theatre there in 1998 and beyond. With the honourable exception of this *Ring* and the UK stage premiere of William Alwyn's *Miss Julie*, the "Year" can be safely ignored outside the region. But the Norwich *Ring* has brought Wagnerites from far and wide, paying up to £345 for the good seats, and it offers an interesting study in Wagnerian economics.

No British company would consider taking a *Ring* cycle *en bloc* to a town like Norwich: the sums just wouldn't add up. As Norwich lacks the resources to mount its own production, £500,000 represents money well spent. Most of the costs were covered by the box-office and a grant from the Norwegian government. The Theatre Royal can claim a £300,000 boost to the local economy, and the newly-expanded orchestra pit will benefit Opera North and Glyndebourne Touring Opera on their annual visits.

And let's be honest - Wagnerites in the UK cannot be that fussy. When was the tetralogy last performed outside London? Given that the Norwich *Ring* sold out nine months ago, this touring production should have been snapped up by cities like Bristol, Manchester and Edinburgh. It seems a waste to import a company of 200 for just one cycle.

But Norwich got what it bargained for - a simple, well-made *Ring*, resourcefully designed and expertly conducted. There are no great voices, and the acting is not always illuminating, but the cast is believable and well-balanced. Mike Ashman's production has no underlying agenda, other than to tell the story. That gives it the feel of an old-fashioned *Ring*: the spell of the narrative works afresh. The downside is that we are rarely confronted by a sense of important issues affecting mankind yesterday, today and tomorrow. And a *Ring* which does not challenge its audience to think has missed the point.

Some of Kathrine Hysing's designs suggest a Norse saga: the gods' costumes have a pseudo-

folkloric air. Hunding's hut is a sturdy log cabin and the Volsung lovers' Spring vista is of conifers and snow-capped hills. The approach is pictorial naturalism, occasionally infused by inspiration of a more modern/abstract nature: Rhinemaidens dangling on eel-like rods, a Woodhird of svelte female proportions flying across the stage on a swing. It's a pity we get no glimpse of Valhalla, and the dragon's bark is worse than its bite. But the Oslo company has done wonders with a small budget, helped by John Bishop's atmospheric lighting.

The best and worst of the production can be found in the pit. Although the playing has improved on each successive night, the orchestra falls short of the virtuoso quality Wagner requires. Its weak string tone was cruelly exposed in Act 3 of *Siegfried*: the brass has no profile. On the positive side, the musicians follow their conductor scrupulously, and the voices are never covered. Heinz Fricke is a German Kapellmeister of the old school: what we hear is a long-breathed, coherently-structured *Ring* which swallows all the transitional passages with deceptive ease - worlds away from the epi-

sodic thrills of a Soldo or Barenboim's hyper-dramatised account.

The only world-class performance on stage is Rosenmarie Lang's regal Fricka, one of the conductor's old comrades-in-arms from the Berlin Lindenoper: "Deiner ewigen Gattin" gave me the goose-bumps. Hartmut Welker's Alberich almost matches her for nobility of timbre and intelligence of purpose. There are two promising tenors - Jyrki Niskanen's blond, willowy Siegmund and Edward Cook's engagingly naive Siegfried - both of whom sing musically. Oddhorn Tenniljord's crisply-sung Wotan is neither noble god nor man of action, but a blustery old codger, outshone by Knut Skram's patriarch Wanderer. Kjersti Ekeberg lacks the temperament of Sieglinde, and the Loge and Mime are disappointing, but Carol Yahr's Brunnhilde makes a splendid warrior-maiden. The way she charged at Wotan after receiving her sentence in *Walküre*, and her look of virginal curiosity, tinged with fear, in the final scene of *Siegfried* - these will be just two of my abiding memories of the Norwich *Ring*.

Andrew Clark

Theatre French magic

Sawalha, miles away from her *Ab Fab* persona. Much to her horror, however, the cunningly plotted lovers' comedy turns darker and more sinister. Nothing is as simple as it appears and the theatrical consequences are startling.

Much of the production's strength and comic zest springs from the remarkably free adaptation by Tony Kushner, author of *Angels in America*. Corneille's fascinating play shares many of Kushner's concerns. Not only are both plays steeped in the demands of love and fidelity using vibrant, dramatic language, they both disobey classical laws of the dramatic unities and spin great comedy from tragic material. Kushner remains faithful to the essence of Corneille, but restructures his plot and pushes the rich theatrical metaphors to the foreground.

He also beefs up the women's roles, particularly that of Isabella's omniscient maid, Eliza. Not content with comic "maid-acting",

Helen Schlesinger lends her a dazzling emotional range, shifting effortlessly from arch coyness to heartfelt anger and loss. The men, too, seize their opportunities. Ian Bartholomew as mad Metamora trumpets his love in an ecstasy of fills and furloughs not solely confined to his costume.

Aided and abetted by the imagination and clarity of designer Stephen Brimston Lewis and an eerie soundscape by composer Paddy Cuneen and sound designer Paul Arditti, Lloyd whips up tension and surprise and keeps his eye fixed firmly on the leaping theatricality of the text. There is a delicious sense of finding yourself in a hall of mirrors - not the torturing kind, but a mysterious place where you see oblique reflections of yourself watching.

At the climax, Alcandre, a magisterial Richard Moore, declares that the love-struck posturing of "mooncalves and mock turtles" has all been an illusion. Rebuking the chastened Prிடამант, he cries, "You didn't think this was real?" A nervous laugh of recognition echoes through the audience as we realise that, albeit knowingly, we too have been hoodwinked by the black magic art of theatre.

David Benedict

Royal Exchange, Manchester

Television/Christopher Dunkley Brief encounters with diverse lives

been loathe to apply too heavy a hand for fear of ruining the very authenticity and freshness which was the greatest asset of this new supply.

Now, however, in a series for BBC2 called *United Kingdom!*, an independent company called Mosaic Films has turned that tendency on its head. Having previously produced *Russian Wonderland*, an excellent collection of programmes about life in Russia after the collapse of communism, it was commissioned to make a not dissimilar season about life in the UK. Series director Colin Luke and producer Adam Alexander began by developing hundreds of stories, using all sorts of people from film-school graduates to some quite new to documentaries, such as stills photographer Martin Parr of Magnum. All the editing, however, has been done by Mosaic. The result is that although the programmes vary enormously in length, range from one minute to 60, and are stylistically diverse - there is a professional look

and feel about the finished product.

It is, of course, a moot point whether the impression of life in the UK thus conveyed is accurate, or representative, but watching half a dozen of the programmes you certainly do begin to get a feeling for the diversity and complexity of what goes on in these islands.

The first, shown on Tuesday, was a clever choice as it brought together two extremes by detailing the life of Colin Edwards. He is an extraordinary royal sycophant who spends his entire time following the royal family around and presenting them with flowers, photographs and poems which he writes for the occasion. Whether or not this was the intention, the programme had the effect of illustrating the equal futility of the lives of worshipped and worshipper, and the need of each for the other. Today's programme, *Working For The Enemy* (9.00pm

BBC2), may cause a spot of bother since it features a man who seems to be the archetypal sponger. Kevin of Hull has not only spent many years living off the rest of us, he willingly tells anyone who asks (except those at the DHSS, of course) that he does not want a job. Working is like sky-diving: something he just does not want to do. He wants to stay at home, draw unimpressive pictures, consume drugs and "juice", and entertain himself and his girlfriend - who does work, quite hard by the look of it, as a seamstress. Though Kevin is eventually obliged to do some work in a charity shop, this portrait will cause apoplexy at the Daily Mail.

Tuesday brings *If One Of Us Goes*, an impression of the lives of Charles and Dorothy who live on the south coast, and are approaching their 90s; and, in a later 15-minute programme called *Under Curfew*, a brief account of life for Roman Catholics in the Lower Ormeau Road in Belfast during the Protestant

marching season. Given that the following programme is about Tony, whom we see leaving prison after his latest stretch for armed robbery, it might seem that *United Kingdom!* takes a disproportionate interest in the lower depths. However, the programme after that - *Tottering Brides* on July 8 - is one of the best about a touring theatre company: Jamie and Simon, who are touring *Waiting For Godot*, are both disabled, but the programme is as much about guesthouses as about acting or disablement.

As the three week season continues we may begin to wonder whether the exclamation mark in the title ought really to be a question mark.

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ART GALLERIES

NOOTMAN, 41 Old Bond St. W1. FRENCH IMPRESSIONS - An Exhibition of French Painting, 1880-1900. June 1997, for two weeks. Century Galleries, The Hay Street, Harley, W1. Tel: 01232 94747

DONALD HAMILTON FRASER RA. Paintings, Drawings & Prints, from 28th June, 1997, for two weeks. Century Galleries, The Hay Street, Harley, W1. Tel: 01232 94747

ARTS

For more than 1,000 years Mount Athos has been home to monks. Situated on the furthest tip of the Halkidiki peninsula, south of Thessaloniki in northern Greece, the mountain, called "The Orchard of the Holy Virgin", has survived the Byzantine Empire by half a millennium. Today it remains the stronghold of a strict monastic community of the Orthodox Church and a treasury of priceless objects.

Women are forbidden on Mount Athos, and there are no female animals. But this has not deterred recent converts. Over the past 25 years Mount Athos has undergone something of a renaissance. In the 1970s, younger newcomers began to swell the elderly and depleted population. Remarkably, the vast majority of the monasteries' current population of 2,000 has arrived within the last 25 years. The Holy Mountain, it seems, is determined to survive.

This year, for the first time in their history, the monks have cast off the shroud of secrecy and offered up their treasures to the gaze of the world. The opening last Saturday of the exhibition *Treasures of Mount Athos* at Thessaloniki's Museum of Byzantine Culture was an occasion rich in historical, cultural and religious significance. Attended by the president and prime minister of Greece, it was the most important event of the year for the European City of Culture 1997. Twelve years ago, when Athens became the first European City of Culture, the minister of culture, former actress Melina Mercouri, tried to organise a Mount Athos exhibition. The project ended in failure. This time, the Holy Community has agreed to cooperate. More than 500 works of art have made the journey from the Holy Mount to Greece's second city. While three monasteries, including the oldest, the Great Lavra, have declined to lend to the exhibition, all 20 have given it their blessing.

The exhibition has four sections. The concept was to present "the totality of life on Mount Athos", as Dimitris Gourgouti, architect and member of the design team, explained. The architecture section includes models of several monasteries, while the natural environment section features colour photographs of the mountain's landscape and flora. Clocks, arms, and religious paraphernalia give an insight



"Epiphany", an 1895 embroidered shroud used in the Good Friday ritual, from the Monastery of Dionysios

From the Holy Mountain

The monks of Mount Athos have cast aside their shroud of secrecy and allowed their treasures to be exhibited in Thessaloniki, reports Susanna Rustin

into the monks' daily life and worship.

But it is the treasures, ranging from the 10th to the 19th centuries, that are the highlight of the exhibition. Representations of Christ, the Virgin and saints, they were made and commissioned by the monks or given to the monasteries by Byzantine Emperors and rulers of Orthodox states. Among the treasures are mosaics, portable icons, carvings, illuminated manuscripts, fresco fragments and embroidery. Ioannis, first secretary to the Holy Community, explained: "this is something new for us. Each one has known the treasures of his own monastery but now we too are seeing all the treasures together for the

first time. The icons have brought their atmosphere with them, and for us it is a success to have this opportunity to give the voice of Mount Athos to the world".

It is this evangelical motive which distinguishes the Mount Athos exhibition from the recent *Glory of Byzantium* show in New York. Where the Metropolitan Museum exhibition focused on a clearly defined period and was rich in historical information, in Thessaloniki, spirituality transcends history. The Holy Community's leader, the prelate Kalinikos, described the journey to Thessaloniki as a "descent", following "the example set by Jesus Christ".

Throughout centuries of

conflict between east and west, the monasteries have remained staunch defenders of Orthodoxy, guardians of the faith and steadfast opponents of union with the Church of Rome. It is this living faith which they are at pains to differentiate from the dying civilisation represented by the *Glory of Byzantium* exhibition in New York.

While the exhibition's emphasis is placed firmly on religion, there is a political message too. The prelate took the opportunity presented by the visit of Professor Evangelos Venizelos, minister of culture, to Mount Athos, to emphasise the monks' anxieties about European Union, and the implications for the Holy

Mountain of the "open borders" Schengen Treaty.

The community is anxious to preserve its administrative autonomy, as laid down in Greek law in the 1920s. Over the centuries the monks have shown themselves to be shrewd political operators, managing to secure the protection necessary to ensure the continuation of their way of life. Recent scholarship has confirmed that by the 11th century the monasteries had established themselves as a mighty economic power. Manuscripts and charters included in the exhibition document the political rights claimed by the monasteries by the Byzantine and Ottoman states.

It is as a symbolic last bas-

tion of the Byzantine Empire that Thessaloniki is remembered. When the spectacular wealth of the Byzantine Empire was followed by the political disasters of the 13th and 14th centuries, the monasteries continued to flourish. They were the final extravagance of a dying order, the jewel in its tarnished imperial crown.

Thus the highlights of Thessaloniki's year as European City of Culture seems an expression of Greece's difference from Europe. By inviting the world to share in its sacred heritage, and invoking the centuries-long relationship between the Holy Mountain and the city, Mount Athos ensures its safe passage into the next millennium.

Cut-price culture shock

Chris Smith, the new heritage secretary, is making all the right populist noises with his comments that Covent Garden will see its grant cut unless it reduces seat prices. Arts minister Mark Fisher has also touched a nerve with his desire to see museums drop admission charges.

But the immediate reaction from the Royal Opera House and from museum directors is: if we reduce these sources of income where will the extra money come from to enable us to balance our books? Acting under Gordon Brown's *dash*, Chris Smith can expect no real increase in the heritage budget this November. Are the new cultural bosses talking through their hats?

Covent Garden is particularly miffed. It gets criticised for high seat prices, but some are made deliberately excessive so that others can be held low. To see Plácido Domingo in *Simon Boccanegra* tonight, 124 customers will be paying £185, but 143 will be hearing the tenor for £7. Charging above the odds for star names is the best way of maximising revenue.

Covent Garden is happy to reduce its prices if it can be assured of more subsidy: its grant makes up just 38 per cent of its income, as against the 98 per cent subsidy received by some continental opera houses.

What is mystifying is that, traditionally, the heritage minister did not get involved in such matters. It is up to the Arts Council to determine the level of subsidy for the Royal Opera House. What has become of the arms-length principle?

Of course the lottery has changed everything: the arts will receive around £250m this year, much more than the Arts Council grant. With access the key word, lottery money could be concentrated on financing special performances for poorer opera lovers. But it will be difficult to ensure that the tickets go to the genuinely needy. And the guidelines limiting lottery money to capital expenditure will need to be redrawn.

Apart from receiving extra cash, Covent Garden could only respond to the government's wishes by cutting its costs, in particular by phasing out the big for-

sign stars. This would make its productions very similar to those of English National Opera at the Coliseum. Would the Arts Council continue to support two identical central London opera houses? Does Chris Smith hope to find the extra funding by merging the two opera companies?

The museum directors are even more confused. "We are not ideological chargers," says Alan Borg of the Victoria & Albert Museum which introduced charges in November to bring in an essential £2m a year. He would love to return to free access, but it would require the government to increase the annual grant by £7m.

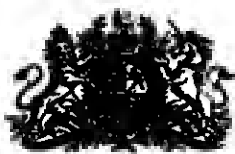
Borg is unimpressed by Fisher's argument that if the British Museum and the National Gallery do not need to charge why should the V&A? The BM is much better endowed, and anyway is in a far more financially stable state. The NG has a comparatively tiny collection of pictures which can be easily and cheaply displayed.

But Borg cannot afford to be too belligerent. The V&A has so far failed spectacularly to get any lottery cash for its planned redevelopments. It hopes soon, however, to receive £2.4m from the arts lottery board for a feasibility study on its most controversial project, American architect Daniel Libeskind's design, which looks like a pile of crutches, for the removal of what used to be the Boiler House as the Spiral. This £70m development is supposed to re-establish the V&A's relevance to contemporary design.

At the same time Borg is seeking £31m from the heritage lottery board for the refurbishment of the 16 British galleries, and has just announced a new development: to move the National Art Library to the empty Public Record Office in Chancery Lane. This would cost another £10m.

With the V&A needing to raise at least £30m for these projects, Borg has more on his mind than arguing with the arts minister over admission charges.

Antony Thorncroft



The Royal Ballet | The Royal Opera

Director: Anthony Dowell | Director: Nicholas Payne
Music Director: Bernard Haitink

1997/98 Autumn and Winter Season

THE ROYAL BALLET

24 September - 18 October

The Labart's Apollo, Hammersmith

Romeo and Juliet

Giselle

The Sleeping Beauty

23 December - 17 January

Royal Festival Hall

Les Patineurs / Tales of Beatrix Potter

Peter and the Wolf / Tales of Beatrix Potter

Cinderella

THE ROYAL OPERA

13 September - 11 October

Barbican Theatre

Giulio Cesare - New Production

Plautus - New Production

The Turn of the Screw - New Production

16 - 22 November

Royal Albert Hall

Otello

Nights of the Stars

23 October - 28 March

Shafesbury Theatre

The Merry Wives - New Production

Il barbiere di Siviglia - New Production

Paul Bunyan - New Production

Le nozze di Figaro

Giulio Cesare

Così fan tutte

THE ROYAL OPERA IN CONCERT

WITH THE ROYAL OPERA CHORUS AND ORCHESTRA

26 September - 16 March

Barbican Hall

Anna Tomowa-Sintow in concert

The Pilgrim's Progress

Alfredo Kraus in concert

Der Freischütz

Mefistofele

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Royal Festival Hall

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Radio/Martin Hoyle

War and peace

Rose, and sad, gallant fore-runners of today's Gay Libbers. But the play's poetic intentions were vitiated by a plodding literalism in the production: smacking kisses recalled the smacking lips with which actors convey eating on radio. Why did these pedantic sound effects and grating grammatical errors ("like I said") sound familiar? The final credits made it plain. Though directed by the distinguished Bill Alexander (RSC, Birmingham Rep), the play was "edited" by Vanessa Whitburn, whose clannishness of death has sent *The Archers* into rigor mortis.

But then, there's a new tendency to what Polonius would call the post-patronsing presenter. The programmes explored the literature of Serbia, Croatia and Bosnia, an area, like Ireland, where letters traditionally flourish in the midst of upheaval, and, as in Ireland, history permeates everything. Multi-culturalism can work for both co-operation and conflict. Easy labels are misleading: "Turk" is the name given Muslim residents of a mixed village. During uprisings against the Ottoman Empire, inhabitants of the same village would pray to their respective, opposing gods for different outcomes while meeting and working sociably together. Fear, anger, purpose and pride run through their history, and a perceived threat of being marginalised, a distant land on the edge of Europe. Meanwhile literature flourishes in the ashes.

The spirit of one of Erín's literary sons brooded over a recent Monday (Radio 4), *Friends of Oscar* dealt with real characters on the sidelines of history, flamboyant, squalling transvestites arrested in London as early as the 1870s. Rod Dargatzis' play acted as a chorus to the Wilde scandal: Frank Harris (a fine performance as ever from Joe Mella), Robbie

Documentary narration, dream-like monologues, the revelation that "the family" was a media and police creation: the reminder that small respectable towns are always the scene of evil, fact and fiction, from Amityville to Salem... This from ABC Australia and riveting radio. On Wednesday it was sandwiched between two other winners. In *Last Boat Home* Julian Pettifer accompanied 60-odd high-ranking Hong Kong civil servants, judges and policemen back to Britain on the cruise ship *Orizaba*. Part imperial chronicle, part social history, part study in the difference in

generations, in the nature of being an expert, it was wide-ranging, fascinating stuff. And *Catholics* is a new science series introduced by Quentin Cooper, a real find for scientific illiterates. He answers all the questions I want to ask before I know I want to ask them. The series began with a fashionable quizzing of the solar system for possible life-forms besides our own. Australian scientists got very excited at the regularity of signals they picked up every morning until it transpired they were caused by their colleagues turning the microwave on for tea. The British branch of SETI (Search for Extra-Terrestrial Intelligence) is embodied by Trevor and Ken in Trevor's garden in Cleveland: if there are other life forms out there I bet they aren't as good as ours.

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Carmen

Bizet



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SPORT



Sporting Profile

The great survivor goes back to sea

Keith Wheatley is amazed at Tony Bullimore's seamanship, salesmanship – and ability to cheat death

Tony Bullimore bumbles along the overcrowded pontoon like a terrier on speed. His grey crew-cut seems to bristle an extra inch as he tries simultaneously to install new navigation software and load an extra beadsail on his 60ft sloop *Esprit de Corps*.

Thirty years of experience of ocean-racing (but no successful circumnavigation) seem to focus as Bullimore, 57, prepares for sea. He is about to leave Helsinki for the final leg of the 1997 Round Europe Race. Earlier sections of this 2,500-mile classic, which began in Cherbourg on June 1, have gone creditably for Bullimore, who is by far the oldest competitor in the event.

Media attention is intense but not because of his age. This is the veteran British yachtsman's first race since he came back from the brink of death last January while taking part in the Vendée Globe solo round the world race. He spent four days

entombed inside the dark hull of his capsized boat with freezing seawater lapping at his makeshift hammock.

When an Australian Navy frigate finally arrived at the rescue site, 1,200 miles south-west of Perth, Bullimore ducked down into the flooded hull and swam out to meet the inflatable boat.

He suffered frostbite, extraordinary weight loss and a financial catastrophe. The uninsured yacht had cost the Bristol-based entrepreneur £500,000. It seemed bizarre that he wanted to go back into a sport that had taken so much from him.

"The only apprehension I've got is putting the sponsorship together," he laughs. "This is one of the only times in my sailing career that I've been in front of the budget. It's always been an enormous financial fight to keep everything running."

Bullimore's immensely tolerant wife, Lale, says that she can't stop him going off racing but he does have

to learn to make the sponsorship patterns fit the expenditure a little better. This yacht has been chartered, not bought.

Even as he set off for Cherbourg to take over the yacht, Bullimore was still limping a little from the effects of his accident. "I've still got some tender spots, little areas on my feet that haven't quite healed up from the frostbite."

"I also had my little finger taken off by an Australian surgeon but that one didn't work properly anyway," says the yachtsman.

"The irony is that this is the first time I've gone racing seriously overweight. When I got back ashore from the sinking, I had lost 22kg since setting out on the Vendée Globe. But being back home in Britain and being invited out to endless dinners and lunches as a guest speaker, I've put on the pounds."

His bulldog determination to live and escape from that grim, inverted tomb thousands of miles from land captured the imaginations even of people who had

never been near a sailing boat. Bullimore has received – and personally answered – more than 8,000 letters since his return to Britain in late February. Next month, his book *Saved*, an account of his capsize, ordeal and rescue, will be published by Little, Brown. All the signs are that it will prove an instant bestseller.

The book's autobiographical sections may also illuminate one or two intriguing gaps in Bullimore's colourful past. He was born in Southend. His passion for boats started as a young boy when he would hang around the beach and the jetties watching the Thames estuary fishing boats setting out for work.

He learned to sail at the local yacht club and at the age of 18 he left Britain for Cape Town, spending several years in South Africa. In the 1970s, Bullimore re-emerged in Britain as the proprietor of the Bamboo Club in Bristol. It was the start of the reggae boom and he used to book promising

artists such as Bob Marley and Peter Tosh. It was there he met his wife Lale. "He used to run it with an absolute rod of iron but it was the place to go in Bristol," says Nigel Irens, a yacht designer who also lived in the city and raced with Bullimore. "He also used to promote tours by reggae bands – take huge

risks and either lose or make a fortune." The entrepreneur in Bullimore is never far away. I sailed the 1980 Round the Island race with him on *Spirit of Apricot*. It was a breezy day, the trimaran was sailing at over 30 knots for much of the time and was a serious bandit. We won the race but Bullimore's primary

focus was a French sailor aboard as a guest helmsman who he hoped would buy the boat from him.

As we tore past the Needles in a cloud of spray, the Bullimore sales pitch never relented. Off St Catherine's he was talking finance and by the Nab Tower it was delivery dates. As a piece of seamanship

and salesmanship it was breathtaking.

"There's an extraordinary naivety about Tony. He never knows how bad things are. It's probably his greatest strength," says Irens. He designed *Apricot*, the trimaran that made Bullimore a significant figure in the then-booming sport of multi-bull racing.

"It was always foot on the floor with Tony. He never wanted to back off or slow down. You just had to point him in the right direction and light the blue touch paper," says Irens.

To some extent Bullimore cultivated his "bull-headed amateur" image. While his mainly French rivals tried to see themselves as the equivalent of Formula One racing drivers and promoted a cool, scientific professionalism, he always wanted to stay a businessman who went sailing for fun.

"The French media think I'm some kind of crazy grandpa going to make up the numbers but unless I'm trying to win there is just no interest for me."

"I'm primarily doing the Round Europe to raise my profile for a boat in next year's Around Alone single-handed round the world race."

If anyone expresses concern for his safety, Bullimore's friends tell the story of an escape, almost more incredible than his swim out of the Southern Ocean.

It was November 1986, at the start of the Route du Rhum single-handed race from St Malo, France, into a westerly gale. On the second day, one of the floats snapped off *Apricot* and Bullimore tried to run downwind for the safety of Brest harbour. It was too wild for the lifeboat to come out and the trimaran was blown on to a lee shore.

"We thought we were coming back from England to collect a corpse," said Jeff Houlgrave, one of the *Apricot* support team at the time. "But Tony had climbed a 200ft cliff in the pitch black on the worst night of the year and was sitting having a cup of tea with the gendarmes."

"We then went looking for *Apricot* at first light. All that was left would have fitted into a single carrier bag."

Baseball

Two cultures collide

Jurek Martin on US-Japanese relations – from pitchers to umpires

In 1889, two events of earth-shattering importance occurred. In Japan, the Meiji Restoration was throwing off centuries of feudalism. Simultaneously, in America, the first formal baseball league was born, ushering in a comparable age of enlightenment.

The twin constellations rarely intersected over the next century. In the mid-1930s, Eiji Sawamura, barely out of his teens, savaged a side of American stars. One of them was Babe Ruth, thus giving the Japanese delusions of grandeur.

And in the 1980s, Masanori Murakami had some success as a relief pitcher while on loan to the San Francisco Giants, but was abruptly recalled home by his Japanese club.

Some ageing and marginal American players have made good money in Japan and World Series champions were wont to take ceremonial tours to the other side of the Pacific. Once I found myself stuck in a Tokyo elevator with Sadaharu Oh, the greatest Japanese slugger, and we talked, in Japanese, of the beauty of Eddie Murray's swing. But Americans never saw Oh in action and could thus never tell how good he was.

It is different now. Indeed, history was nearly made this month in Los Angeles when it looked as though Hideo Nomo of the Dodgers and

Shigetoshi Hasegawa of the Anaheim Angels would become the first Japanese starting pitchers to go head-to-head in a US major league game, made possible by the new experiment in inter-league play. But Terry Collins, the Angels' manager, changed his mind at the last moment. "I didn't want that match-up to take the lead over the game," he said.

But it will happen sooner or later. In fact all Japan would probably willingly lose a night's sleep should Nomo, now an established quality pitcher, again among the leaders in strike-outs, find himself pitted in a World Series or inter-league play against Hideo Nomo, the latest New York Yankee recruit.

Irabu, who cost George Steinbrenner, the Yankee owner, \$12.8m after a bidding battle with other US teams, is en route to the Big Apple, mowing them down in the minors with pitches approaching 100mph.

Pete Incaviglia, now of the Orioles, faced him in Japan and describes his hard, late-breaking alder as both "filthy and nasty", which is the highest form of baseball compliment.

Nomo and Irabu were both reckoned to be rebels in Japan, unhappy with the conformity that characterises baseball in their native country and sensing a higher value and esteem in the American market.

Both are power pitchers, also uncommon in Japan, where young arms are often ruined by over-use in intense high school and university play. Takashi Kashiwada, a relief pitcher with the New York Mets, fits more into the Japanese mould, underwhelming in velocity and relying more on accuracy and changes in speed.

It has probably helped Nomo to play in Los Angeles. Not only does the

In the US, umpires may be verbally assaulted, but never touched

city have a substantial Japanese population but the Dodgers themselves field a United Nations team, including Chan Ho Park, the pitcher from South Korea.

This diversity, made into a virtue by former manager Tommy Lasorda, is thought to be a factor in much current clubhouse tension between his successor, Bill Russell, and some of his players, though not, apparently, Nomo and Park.

Irabu will be tested by playing in New York, notorious for chewing up star players and spitting them out if they fail to perform.

The Yankees, defending World Series champions, have slipped well behind Baltimore in the American League, already bringing out into the open Steinbrenner's notoriety for impatience. A lot hangs on how well Irabu pitches, because he has been heralded in advance as the next saviour in the Bronx.

Still, the budding rapprochement between Japanese and American baseball is also in trouble over umpiring, of all things, and contrary to just about every national stereotype.

Mike di Muro, the American umpire, was asked to go to Japan to improve local techniques but discovered Japanese habits to be less respectful of authority than at home, where umpires may be verbally assaulted, even spat on, but never touched.

Di Muro threw a Chunichi Dragons hitter out of the game for disputing a call and was promptly bumped, which was mild enough compared with the violence intermittently visited on Japanese umpires over the years. But the US authorities retaliated by calling him home, much as, 30 years earlier, the Japanese had recalled Murakami.

Of course, free agents such as Nomo and Irabu would probably not go home, even if ordered. They are, in a sense, perfect children of the post-feudal Meiji Restoration, even if seven generations in the making.

FT BY INVITATION
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Wednesday 3	Optional activities Barbecue lunch beside the sea Visit to the Calithness Glass factory and the Heritage Centre in Wick An evening recital in the Opera House followed by opera supper	Friday 5	

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How to Spend It

In search of Asia's bargain basements

Correspondents provide some tips from their own patches for tracking down that special purchase at the right price

Time was when Hong Kong was a shopper's nirvana. Here were night markets whose sights and sounds made Europe seem tame and lifeless. Here were cheap watches and steaming bowls of noodles, here were ladies of the night and hucksters with the world's most implacable faces. Want a "Cartier" watch? A "Louis Vuitton" suitcase? A piece of "real" jade? Cut-price "rubies", made-to-measure silk shirts? Six celadon cups for five bob?

You paid your money and you took your chances. But there were also fine hand-embroidered linens and

exquisitely worked silks and satins. There were Ming dynasty porcelain and terracotta tomb figures hidden in dusty hole-in-the-wall shops. There were strange teas and peculiar smelling herbs from mainland China, rich allies and lovely strings of amber beads. And all of it came at prices that made Hong Kong seem like the bargain basement of the world.

Those days are long gone. Today the antiques and the funny little tea and medicine shops, the quirky lanes and the markets are still there, but Hong Kong has become one of the world's most expensive cities. Nobody knows quite what lies

ahead as Hong Kong, one of the greatest testaments to the capitalist system, returns to mainland China. But one thing is certain - bargain basement prices are a thing of the past.

Where then do those who love prowling around in dusty shops and strange market places, whose tastes run more to the quirky and the ethnic than the international status symbol head? Some of our Asian correspondents have been scouting around. Here they report on just what their cities have to offer the traveller with an eye for a bargain.

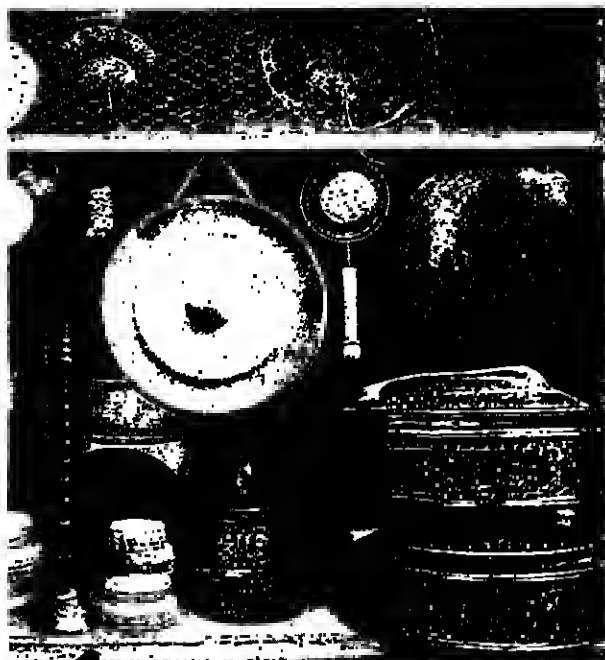
Shanghai

Old opium beds and other pieces of classical Chinese furniture are good buys in Shanghai. A handful of antique dealers scour the provinces of central China, bringing back to their Shanghai warehouses a selection of cabinets, chests, beds, writing tables, chairs and men's and women's opium loungers in various states of disrepair.

Once restored, most pieces are bought by international dealers and shipped to the boutiques of Europe, the US and elsewhere in Asia. By then the price can have multiplied tenfold.

To get in before the dealers, go to 1430 Hongqiao. It has a wide selection of furniture stored in four adjacent warehouses and a very capable workshop for restorations. If that does not have what you are looking for, China Antiques, around the corner, tends to have a few exquisitely restored chests and a huge store on the outskirts of the city. A warning: it is difficult to find rare and genuine antiques in good condition. Such pieces have either been smuggled out of China long ago, or are tenaciously held by collectors, or have been destroyed. Restored pieces can be beautiful, but are unlikely to be valuable, so try not to fall for tales of an antique's imperial pedigree.

Those shoppers looking for something a little more por-



Musical instruments on display in a Hanoi shop

table than a calligraphy table might stop first at one of the Friendship Stores - there is one in Hongqiao and another behind the Peace Hotel near the Bund.

These stores, once reserved for foreigners but now open to and increasingly favoured by Shanghai's bourgeois shoppers, offer an eclectic collection of bargains including musical instruments, traditional Chinese teapots, jade bracelets, slippers and particularly fine silk pyjamas.

In fact, silk is one of Shanghai's few abundant

luxuries and a fair selection is available in the market at Huatinglu or the Silk Shop on Huaihai. Cashmere, too, is widely available and reasonably priced.

Footwear is a good deal, as long as you don't have large feet.

James Harding

Jakarta

Bargains are there, but can be hard-won in Jakarta. On Jalan Surabaya, market vendors will gleefully sell "genuine fake" Chinese antiques. The canny connoisseur will know that the real thing is

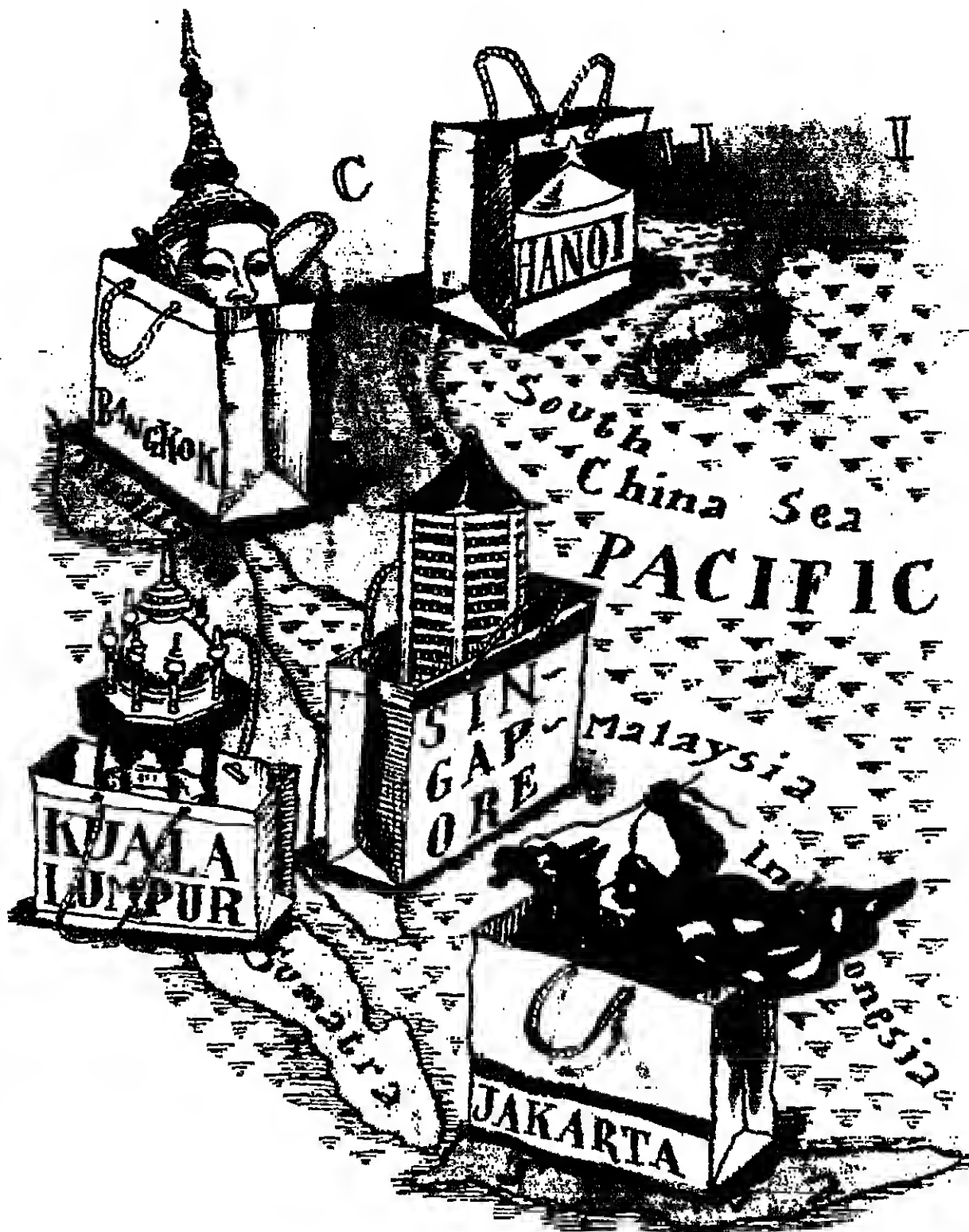
found around the hill town of Malang in east Java. Here, for example, a 19th century Madurese door sells for Rp1.4m, compared with Rp3m in Jakarta. Shipping can be arranged by the stores.

Clothes are the obvious bargain. A batik shirt is not as naff as it used to be. A silk, hand-made batik shirt, usually decorated with intricate motifs of plants and animals, could put you back about Rp1m, but a simple cotton version can cost as little as Rp80,000.

Visit the Jakarta boutique of Iwan Tirta, considered Indonesia's foremost batik design, or the Batik Kers shop, which has one of the country's largest selections.

Alternatively, batik and other locally manufactured textiles can be bought by the metre. Insist that your hotel or official tourist office points you in the direction of a local tailor or seamstress. Prices vary according to the tailor's reputation: a shirt can cost as little as Rp10,000 or as much as Rp150,000, a suit anywhere between Rp80,000 and Rp700,000.

In Bali, many tailors specialise in leather and will produce a jacket in less than one day for a mere Rp200,000 depending on the design. Similarly, leather is big business in Yogyakarta. Stalls lining the main street sell high-quality leather bags, suitcases and sandals at prices between Rp30,000 and Rp400,000.



One of Indonesia's best-kept secrets is its tin, said to be of the highest grade in the world. Off Bangka island, the main producing region, tin is fashioned into pots, candlesticks, plates, cutlery and mugs. Silver is also a bargain - buy it by the kilo from factories in Culuk in Bali - and find a silver-smith at home.

Manuela Saragosa

Taipei

Taipei is not known as a shopping mecca. Many Taiwanese make regular forays

to Hong Kong to stock up on designer "essentials" that may be had more cheaply there. But it is possible to find items unique and curious in Taipei - chiniserie, porcelain, jade and coral carvings, fashions, furniture and art - if you know where to look and are prepared to spend.

Taiwanese merchants generally don't negotiate prices, but never feel bashful about flashing a smile and asking for a discount; many shops will round prices down or knock off 5 or 10 per cent - especially for large pur-

chases. Usually a better price can be had for cash; some merchants are reluctant to accept credit cards or tack on another 3-5 per cent for the privilege of using plastic.

Quite the gift-giving rage among senior officialdom and the moneyed classes these days is Liu Li, a maker of multi-coloured glass objects whose designs include abstract, pastoral and Buddhist themes. Many have special significance in Chinese culture. The shop is located in the Mall, a department store next to the Far

Eastern Plaza Hotel. Also in the Mall, famed Taiwanese fashion designers Isabella Wen and Hu Ya-juan have boutiques side-by-side where contemporary designs with an oriental flair can be fitted to order at reasonable prices. But perhaps your heart is set on the traditional Chinese dress worn so glamorously by Madame Chiang Kai-shek - the figure-hugging qipao. It comes in many different styles for everyone from matron to minx. You can choose from sumptuous

Continued on next page

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Why the Lady went up the wall

Gardening

What lies behind the name of the rose? Robin Lane Fox explains

Many people regard this weekend as the high point of English gardens.

The National Trust collection of roses at Mottisfont is now fully out. Hundreds of bushes of the white-flowered Madame Hardy are showing their green eyes in keenly planted gardens all over the country. New Dawn is cascading from walls and pergolas a week or two before its usual climax. My Rambling Rectors have gone crazy up the beasty coniferous hedges of my old vicarage. The sights and scents make me feel dizzy and I am feeling mischievous.

The mischief concerns three famous roses on which my recent researches throw an unexpected light.

My favourite among the deeper yellow climbing roses is the admirable Climbing Lady Hillingdon. She runs discreetly up a wall to a height of about 12ft. She is never too wide or intrusive. Her leaves are dark and her stems are a seductive shade of plum-purple. I have lived with bushes of her for 45 years and have never known her seriously damaged by cold winters on a south wall. This year, as always, she has been covered with those heavy-scented flowers, the essence of a rich type of tea, given off by petals of a deep egg-yellow.

Our beloved Lady Hillingdon has only one fault. Modestly, she bows her heavy heads in warm weather; and the walls on which she does

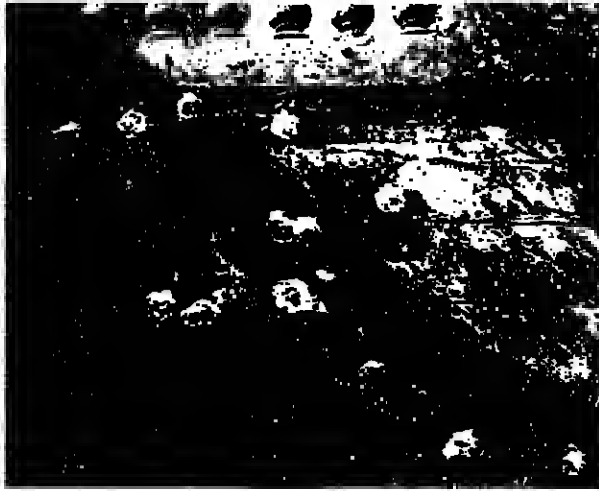
best tend to get especially hot.

Who, I have often wondered, was Her Ladyship? I have pictured a delicate Edwardian beauty, because she was born and named in 1910. I have wondered if she was a bit of a thruster who smiled enigmatically when admirers named a sociable climber after her. Perhaps she was some of these things, but I have just discovered that most of us know of her already. It was Lady Hillingdon who told the world: "Whenever my husband lies on top of me, I shut my eyes and think of England."

Gardening, for me, is also a matter of mental association. For a fortnight now, I have been looking at her Climbing Ladyship with a new, appreciative eye. She leads us on with that irresistible scent and ever so slightly excessive colour, but when the going becomes too hot, she bangs her head modestly, as if to confess that she is not wholeheartedly enjoying it.

My researches have not run out of mischief. One of the best of the dark flowered purple roses is the large flowered, vigorous Charles de Mills. So many of the roses with a purple colouring are murdered by blackspot and have unattractive leaves.

Charles de Mills is much stronger and is a wonderful sight this weekend all over East Anglia. I had thought of him as a robust, French dip-



Lady Hillingdon was not keen on uxorial duties. Garden Picture Library

lomat with a pedigree in public service and roots going deep in the edges of French society.

Once again, how wrong our guesses are. Never trust a man who has a strange "de" in the middle of his name. According to oral tradition, the original Charles Mills left England in the early 19th century under something of a cloud and took up his residence in the city of Rome where the house of this emigreé Englishman soon became famous. So did his tastes. It was said that young lovers of either sex were escorted secretly through the servants' quarters. Murky rumours surrounded his name and his assumption of an intervening "de" did nothing to dispel them. The family named him "Dark

Satanic Mills", after the famous lines in "Jerusalem", William Blake's hymn-poem.

The deep purple flowers are a tribute to the dark satanic nature of someone whom climbing Lady Hillingdon would never have wanted to have too close.

The only equal for Mills and Hillingdon this weekend is the sumptuous climbing Gloire de Dijon which is covered in those flowers of heavily-quartered petals in a special shade of huff-apricot. Gloire de Dijon is apparently more reticent than Lady Hillingdon and is certainly older, having earned its name in 1853. Many of us grow it and find that it will flower quite well on a cool, east-facing wall where the flowers' colour is not overheated. On good rose soil, it is still superb, although

blackspot and mildew are a problem for the rest of us.

They were never a problem for its great admirers. In the later 19th century Gloire de Dijon was the special favourite of that great Victorian clergyman, Dean Hole, who planted it on the wall of his church and urged vicars to do the same all over the country. It flowered remarkably, bearing 200 flowers on the walls of his chancel. He described it as "what crickets call an all-rounder, good in every point for wall, arcade, pillar, en masse or as a single tree".

Evidently, the respected Dean had not allowed for D.H. Lawrence. Already in his poems, D.H. Lawrence compares the golden skin of a heavy-breasted woman to Gloire de Dijon roses and implies that he had seen them both swinging in the course of the female's bath.

Mellors, that up and coming gamekeeper, sunn agreed. As the sunlight filtered through his cottage windows, a satisfied Lady Chatterley was to be seen "golden like a Gloire de Dijon rose" reclining on the gamekeeper's sofa.

The author, not Mellors, makes the comparison. The gamekeeper did have his own little library, you no doubt remember, books on "bolshivism, the atom and electron and travel in India". So far as we know, he did not have a handbook on climbing roses.

Had D.H. Lawrence ever looked closely at the Gloire

de Dijon of his comparisons? That great rose-lover, Vita Sackville-West, certainly had and describes Gloire de Dijon "as a fragrant, crumpled straw-coloured old-stager".

Lady Chatterley was not in that class. Perhaps there are women out there, reading this paper with Gloire de Dijon-coloured or variegated skin; but when I look at my flowers this morning, whose leaves are already powdered with mildew, they do not resemble any ladies I have sighted.

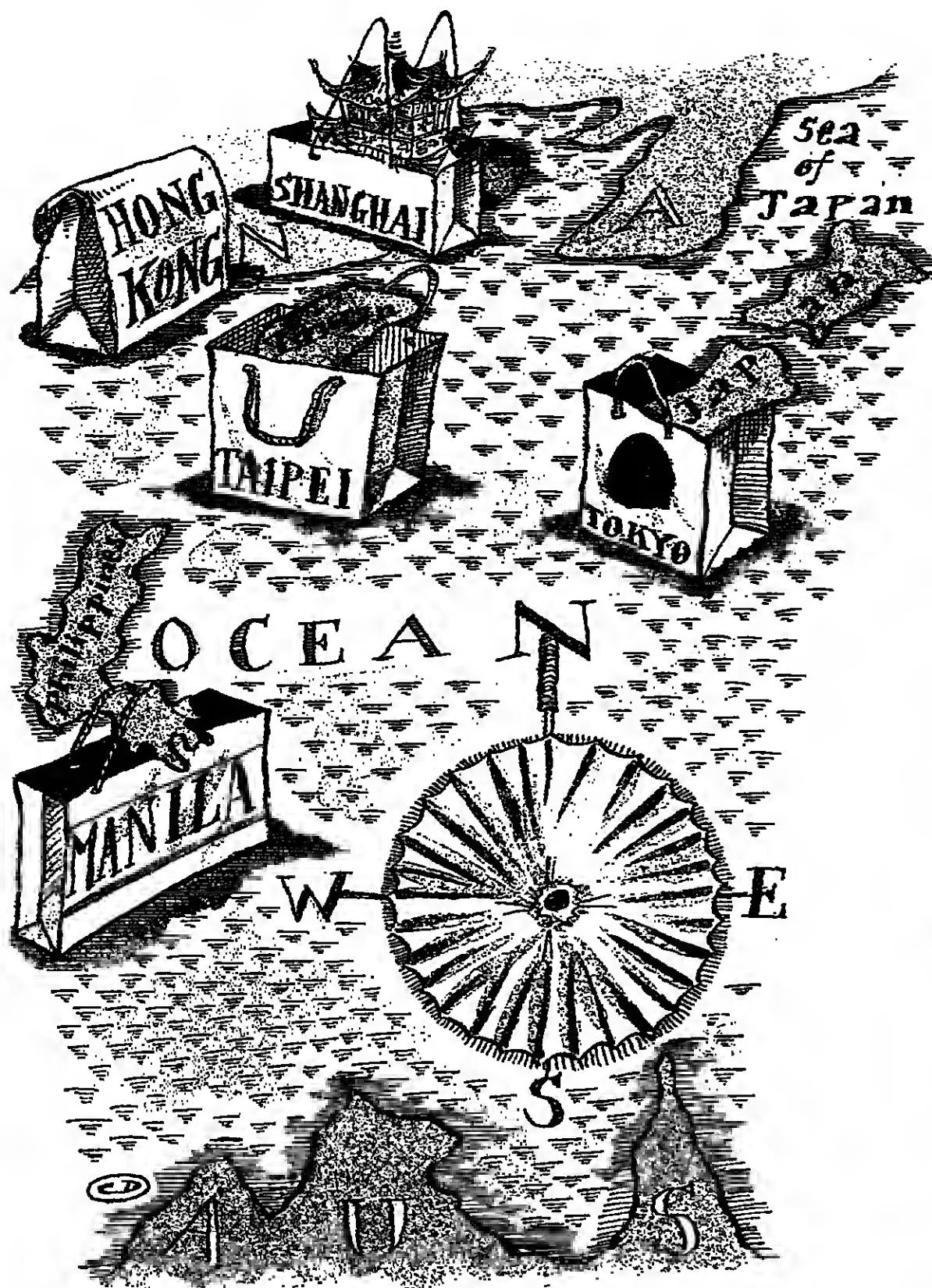
Maybe somewhere, you have seen quartered, apricot breasts. Lady Chatterley, I find on re-reading, had breasts which "were longish", but there is not a hint that they were heavy, or tinted with buff apricot.

Once, on a wall, I had Lady Hillingdon and Gloire de Dijon on either side of a window. Lady Hillingdon made the running, but her flowers did continue to hang their heads with modesty. Gloire de Dijon then got into its stride and started to produce dozens of flat, apricot-coloured Chatterleys before succumbing to frightful blackspot and mildew.

The next year she infected Lady Hillingdon, who held her head ever lower and dropped all her leaves in disgust.

Now I understand why Charles de Mills fades to such a dusky colour and I think I understand why Lady Hillingdon was not suited by her climbing neighbour and went so radically into retreat.

How to Spend It



recomped the M\$50 price from a scrap metal merchant. *James Kyng*

Bangkok

If you know what you want, Bangkok can be a shoppers' paradise. But to get good value you have to be prepared to bargain and know what you are looking for because imported brand names are still more expensive than Hong Kong. Even in stores with supposedly "fixed" or marked prices, large quantity purchases can earn a discount.

Chinese, Khmer, and Burmese antiques, once the exclusive domain of Hollywood Street in Hong Kong, are plentiful - although the ability to tell early 20th century pottery from 12th century porcelain is a must. River City Shopping Centre, next to the Sheraton Hotel along the Chao Praya River, is the best place to start and if you have something specific in mind shop owners here may take you to their warehouses or stockrooms in nearby Chinatown. Prices are expensive, but fair.

Silk is a Thai staple that has actually improved in quality over the years and it is hard to find it cheaper anywhere but in Hong Kong or the mainland interior. The first place to visit is the well-known Jim Thompson on the corner of Surawongse and Rama IV roads. Prices here are not the cheapest (\$30 per metre and up) but quality is assured and the selection of ready-made goods is difficult to beat.

Tailor-made suits should definitely be avoided, but shirts (from \$30) in the Amarin Plaza on Ploenchit Road are decent and Ambassadors Fashion on Sukhumvit Soi 11 does a good turn-out, beginning at about \$250. *Ted Bartolack*

Hanoi

Vietnam may sound like an unlikely place for a spot of wallet-busting shopping. Until economic reforms unleashed a consumer boom, the very concept of shopping was alien to most Vietnamese more used to rationing.

The capital, Hanoi, has little to offer beyond handicrafts and some well-turned lacquer ware and nicely embroidered cotton and linen nightwear.

However, Ho Chi Minh City is hard to beat for those in search of retro colonial chic. Antique shops are dotted around the city centre, offering anything from dusty French colonial furniture to old ebony chippies. Huynh Thuc Khang street is a good bet.

Nguyen Freres, just opened at 2a Le Duan Boulevard, stocks restored French and Vietnamese furniture from all over southern Vietnam. Look for carved wood

panels, wardrobes, tables and chairs. A sideline is reprints of photographs of colonial French Vietnam (\$30-\$40 framed).

Lac Long, just around the corner from the famous Rex Hotel, would not look out of place on the Portobello Road in London. Saigon's best-known curio shop is crammed with leather attache cases, cigar holders, tempest lanterns, the odd Meerschaum pipe and even golf bags made of elephant and cow hide.

But its forte is expertly restored, 1930s brass "Marelli" fans, without which no expatriate residence is complete these days. A small model (23cm diameter) will set you back by \$40; the largest one (35cm diameter) costs about \$100. There are also Marellis on metre-high stands (\$300), as well as the occasional 1910 "swivel" fan, capable of rotating 360 degrees (\$250). *Jeremy Grant*

Tokyo

The price of everything from property to cut flowers has been on a downward spiral in Japan for the past few years. While Tokyo is still one of the most expensive cities in the world to take a taxi or buy a western breakfast, the bursting of the "bubble economy" and lowering of trade barriers have meant the arrival of genuine bargains.

For top-of-the-line, just-released consumer electronics, few places can beat the prices in Tokyo's Akihabara district.

Now, the Panasonic KX-FW30CL that comes with a separate, additional cordless phone, display panel and mobile hand scanner, and can double as a simple copier, costs ¥28,200. Since dinner for four at a fancy Tokyo restaurant comes to much the same, a multi-talented machine seems good value.

Better yet, for those who do not insist on a quality brand like Panasonic, a digital fax/answering machine by Uniden which is also a simple copier, can memorise up to 55 names and numbers, and has a speaker phone for hand-free phone calls, costs just ¥19,700.

A stylish, portable Mini-Disc player with recording facility (MZ-R30) by Sony comes at ¥35,000, while a similar product from Sharp (MD-M5200) costs ¥28,800. Lighter playback-only portable Mini-Disc players from Sony (MZ-E30) are cheaper at ¥28,800, while, for the less status-conscious, the Sharp model is a mere ¥18,800.

Wandering through the discount electrical stores, depending on the day, you could find cheap, high quality blank tapes at prices below those in London or New York, or latest model cameras, yet to be released on international markets,

has some very large, austere simple, Beijing cupboards in elm, which vary from ¥2,000 and ¥15,000, depending on the quality and the rarity.

Artichoke Interiors at The Old Imperial Laundry, 71 Warriner Gardens, London SW11, mainly supplies the trade, but will ring 0171-978 2439 for an appointment. It, too, has plenty of the red, green and black lacquer wedding cabinets, as well as scholars' desks, painting tables, the leather trunks that are often used as side or coffee tables, spindle back chairs and lots more. Prices are good and the selection varies according to when the shipments come in.

Port of Call at 13 Walton Street, London SW3 has 18th and 19th century furniture, as well as trunks and wedding cabinets. Prices on the whole seem high, but so does the quality.

Andrew Martin of 200 Walton Street, London SW3 always has a very well-priced selection of lacquered trunks. However, if you happen to turn up, as I once did, on the day somebody had bought all 30 on the showroom floor you may have to wait a while for delivery. He often has other pieces with an oriental air - it could be a pair of wonderful black lacquered Japanese cabinets, pearly porcelain jars from Vietnam or some simple chairs from China.

For those who can't quite afford Snap Dragon's prices, Nine Schools at The Field Gallery, 121 Field Road, London SW10 might be the answer. It has a selection of decorators' favourites - wedding cabinets, red lacquer bowls, rice pots - and for those who prefer more elaborate Chinese pieces, the taste is less austere.



Colourful Chinese calligraphy stands in Singapore's Chinatown sell painted characters in gold on red paper. Prices start at about £1

but cheaper than earlier models still on display in European retailers. *Michiko Nakamoto*

Manila

The Philippines can be surprisingly expensive, and the good deal requires teasing out. Magnificent textiles and handicrafts such as basketry, woodcarving, sarongs and ceramics are found in the provinces, although some can be picked up on Mahini Street in Manila at somewhat inflated prices.

The best purchases in the capital include rattan and wicker furniture. Although most comes from the southern city of Cebu, a number of shops in Manila also manufacture to order. Try Romina Manufacturing and Merchandising, 2288 PIA Page Condominium, P Burgos Street, Pasay City, or Nazareno Furniture, 2317 Aurora Boulevard, also in Pasay City.

Prices may not appear stunningly cheap - about \$1,400-\$1,700, including shipping, for a six-piece set consisting of two armchairs, sofa, cushions, coffee table and two side tables - but the quality is first-class.

Then there are pearls. The Philippine archipelago is one of the world's richest shellfish environments and home to the world's largest natural pearl, a whopping 6.4kg. Muslims in the southern region of Mindanao still dive for pearls 40m down in the South China and Sulu Seas.

In Manila, Jeweller is the leading retailer, offering a sumptuous range of white, gold, black and green pearls. Head office is on Ayala Avenue, Makati and they also have stores in the five-star hotels in town. A pendant ranges from \$100-\$400, while a ring and earring set will cost you \$500-\$1,500. Less expensive are the pearls sold in the flea markets of the

Greenhills district in Manila.

The fondness of former first lady Imelda Marcos for shoes was justified by the suggestion that she was supporting the local industry. Italian imports aside, la Marcos had a point. Locally made women's shoes are good quality and relatively inexpensive at \$40-\$80. The greatest choice is in Megamall, on EDSA. Ortigas - the world's third largest shopping mall. *Justin Marozzi*

Singapore

Singapore, like Hong Kong, used to be a shoppers' paradise and everyone was a salesman. The paradise is no more, but the salesmen have yet to leave town.

The truth is that even Singaporeans are shopping elsewhere. The best buy in the Lion city these days seems to be an apartment in London. A local paper lamented that Singaporeans were plunking down £250,000 for a flat "after listening to less than an hour's sales patter" over the phone.

But pearls are a good buy. Lucky Plaza on Scotts Road is full of shops selling pearls and pearl jewellery. Prices of fresh water pearl strands start at about \$1 and tailor-made bracelets and necklaces can be created. Also try Nash Jewellery at 1-34 Tanglin Shopping Centre, 19 Tanglin Road, where pearl jewellery can be bought for prices around half those in the UK.

The shops lining Arab Street offer high quality silks, velvets and batiks. Sandwashed Chinese and Thai silks start at about \$15 a metre, but try Little India for sari silks, with prices from \$6 a metre. *James Kyng*

Exchange rates: £1=\$1.67 (US); ¥192 (Japan); M\$4.16 (Malaysia); Rp4020 Indonesia

From previous page

Chinese satins and silk brocades, or bring your own fabric. A good hotel can recommend a tailor where you can get one made to order.

For the most traditional of markets, head for Tihua Street in the old section of town.

IT Park Gallery on Yitong Street exhibits works by new and established Taiwanese artists. Art Asia, another gallery, displays and sells art objects from across Asia.

Laura Tyson

Malaysia

Malaysia, somewhat less wealthy than Singapore, is little better for bargains.

The Reject Shop, in the Star-Hill shopping complex, has excellent baby clothes. A pair of export-quality shorts costs about M\$6, T-shirts for M\$12 and lovely summer dresses for the under-fives cost about M\$20-M\$25. The merchandise has been "rejected" not for flaws but because of over-runs at the factory, cancelled orders and other logistical problems.

Rolex watches for M\$80, Breitling time pieces for M\$150 and Tag Heuer chronometers for M\$120. "Fake" replied the tout, "of course they are fake. But we give

Seasoned bargain hunters will, however, feel more in their element at Petaling Street in the old quarter of Kuala Lumpur where the bangs and clashes of Chinatown resound.

Near the vats of bubbling "meat-bone-tea" - *rauqucha* - you can snap up some classics in the genre of purloined intellectual property.

Rolex watches for M\$80, Breitling time pieces for M\$150 and Tag Heuer chronometers for M\$120. "Fake" replied the tout, "of course they are fake. But we give

you a 15-day guarantee." At a nearby stall, compact discs of top western artists cost M\$16 each, "Ralph Lauren" T-shirts were going for M\$45 and video taped films were M\$10.

One old man was selling what appeared to be the flotsam and jetsam of erstwhile marxist economies. Old Chinese "Seagull" cameras, now sought by collectors, cost M\$100 and a Zorkil, with a standard lens, sat like a memorial to heavy duty, industrial strength, Soviet design. It was so heavy that you could probably have

An Oriental breeze freshens stale interiors

Lucia van der Post on where to acquire some 'spiritual comfort'

designer Andrée Puttman memorably dubbed "spiritual comfort" as opposed to "literal" comfort and they make the proliferation of "objects" and knick-knackery in so many western homes seem gross and superfluous.

Those who are attracted to this new interest in eastern interior will probably observe that the main ingredients seem to be a restrained and disciplined colour palette (which does not exclude occasional flashes of gold or scarlet) as well as precision in the placing of furniture and such objects as are deemed essential, either for visual pleasure or for practical purposes.

For those who hanker after some of the traditional furniture and appurtenances that make up the Chinese interior more and more shops are opening to supply them. Ever since mainland China officially began to open itself up in 1978, intrepid merchant adventurers have been scouring rural areas for rare and special pieces. They found a treasure-trove. These days many of the finest and most beautiful pieces reside in museums, but there are still wonderfully pleasing pieces that are snapped up by interior decorators all over the world.

Leonie Whittle of Snap Dragon (247 Fulham Road, London SW3), for instance, has been visiting mainland



One of a pair of wooden benches, 1590, with a small two-drawer table, 1700. The rice buckets vary between £140 and £280 and in the background are the wooden doors from Mongolia at £2,500. All from Snap Dragon, tel: 0171-578 8888

China for the past four or five years. This year her favourite province is Shanxi, in the north. "On the whole furniture from northern China is simpler than that from the south. I don't mind if pieces are 50 years old or 300 years old, so long as they are beautiful. I love very, very simple pieces. I look at the quality of the wood, the

search out pieces for me all year long."

She doesn't do the very finest museum pieces - for those seeking pieces of this quality Spink (5 King Street, London SW1) is probably one of the best bets - but is much sought after by interior decorators and individuals who love the clean lines, beautiful wood and careful craftsmanship of the best pieces.

"I never buy anything with carving," she says. She usually has wedding cabinets - which cost between £1,400 and £2,000 each - as well as fine elm cupboards with simple brass locks, rice pots, chairs, and a collection of bamboo ladders costing between £120 and £150 and make good library steps for the nimble, or can be cut down to make wonderful towel rails. At the moment there are also some extraordinary Mongolian doors with intricate black ironwork for £2,500 and a particularly attractive simple small table with two drawers at about £1,200.

Alan Beagle at 308 Westbourne Grove, London W11, together with Snap Dragon, is a place that Donna Karan usually visits when in London - one look at her new Bond Street store will tell you why. Beagle buys mainly 18th and 19th century furniture from north China and he is a reliable source of favourite Chinese pieces. At the moment he

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FOOD AND DRINK

How Chinese keep their spirits up

Giles MacDonogh consults a Chinese poet on what to drink on handover day

They'll be reaching for the bottle this weekend in Hong Kong. Beer is the popular drink, but those remaining will probably be able to put their hands on something more stylish: claret or champagne. Across the old border in mainland China, however, the booze will have a more traditional character.

The nearest I have been to China is Singapore, and it was there that I had one of my rare encounters with Chinese spirits. One day I accompanied an English *mamsait* on a trip to the central markets. There she came face to face with the - admittedly slightly putrid - heart and respiratory organs of an ox.

She was still white and glibbering from the experience when we got out on to the pavement, and it was suggested she be borne off to a bottle shop and fed mouthfuls of rose-flavoured rice wine until the colour returned to her cheeks.

The cure was effective and in gratitude I bought a small bottle of the elixir and took it home. I located it the other day at the back of my drinks cupboard: Boon Qui Loo, it still had a pretty flavour. Its secret lay in its prodigious strength of 42 per cent.

Singapore Chinese may well be drinking that come Saturday, but what will they drink in Kowloon or Shanghai? I rang the emigre poet Yang Lian in London.

The geography of Chinese drinking was very hit as complicated as Europe's. Basically, the southern Chinese liked warm rice wine which went down well with their more delicate dishes. In the north, where they were keener on devouring pigs' interior organs, or where they sat com-

muning around the Mongolian hotpot, they drank powerful spirits of the Moutai sort.

Yang Lian had little time for Cantonese rice wine, weak stuff which he consigned to the cooking pot. Strength was an important factor; it provided the warming length. The best spirits (confusingly called wine) came from Yibin in Sichuan province.

The Chinese start drinking before dinner, but because their drinks are so strong, food is quickly brought in to mop it up: tofu, or bits of pig's head as a prelude to the formal blow-out.

There have been various governmental directives aimed at lowering the strength of rice wine, and weaning the Chinese on to more moderate beverages, but so far

the taste has proved too ingrained.

I asked Yang Lian about poetry. He said that drink was an integral part of that, too: "Drunkness is the foundation of poetry, poetry and liquor share a common platform." I read him some lines of Li Bo: "All I want is to stay dead drunk and never sober up."

Yang Lian went one better. He told me of a poem where Li Bo had found an ingenious way round the problem of drinking alone: he had invited the moon and his shadow to form a threesome.

No great Western poet had made such a strong case for drink, except perhaps Goethe in the *West-östlicher Divan*, and

that was based on Hafis' Persian lyrics. I decided that Chinese spirits merited closer examination.

I went to Gerrard Street in London's Chinatown and asked a local: "You want Moutai, President Nixon liked that. It smells like paraffin." I went into the Loo Fung Supermarket (0171-437 7332) where a strict woman eventually took pity on me and filled my basket with exotic bottles.

The first was Taiwanese Shaohsing, the Chinese version of sake (53.80). I warmed it up when I got home. Yang Lian had said it was effective against the evil climate in south China. It smelled of beef broth, like hot bull-shots.

Next I tried Mei Kuei Lu Chiew

(£11.80). It too tasted sweetly of roses. I'd had this before, in Chinese restaurants in Paris it was served in little cups.

The spirit formed a lens which allowed you to see a naked woman at the bottom. Once you had drunk it, the woman disappeared. A then friend claimed it had laxative properties, and was really called "make way for the loo!"

Its successor, Kao Liang Chiew (£12.80) actually claimed to "promote metabolic functions". It was distilled from barley and garden peas. It did indeed have a whiff of the latter, but the most notable thing about it was the strength: 60 per cent alcohol.

I was beginning to get the hang of things by now; there had to be

a medical pretext. With Wu Chia Pi Chiew (£14.80) it was "circulation". Once again soya, or beef broth seemed to be the dominant note.

Hwato Sze Chuan Pab Poo Chiew (£8.30) was billed as tonic wine: good for brainwork, sleep and appetite. Take two nips a day (cup provided) and if that doesn't work, see a doctor.

I was bracing myself for Moutai (£28). It wasn't as nice as paraffin: more like regurgitated durian fruit with peanuts. It was sharp and musky on the palate too. I could see why it was recommended for pigs' innards. It is clearly an acquired taste. It will have to be tripe and onions on Saturday night.

I asked Yang Lian if he would be celebrating. "That isn't quite the word," he said. "It had more to do with sorrow and commiseration. Wine in China has another meaning, he told me: it is there to lend you support and remove your anxieties."

Cookery / Philippa Davenport

Better daily bread

New loaves are bursting from Britain's ovens

The Prince of Wales' business venture into the world of food and drink began well with the launch a few years ago of Duchy Original oaten biscuits - crunchy, agreeably flavoured, and not too exorbitantly priced.

Since, sadly, the trend seems to have been downhill. The second Duchy Original biscuit was less good than the first. I was a reluctant sipper of the apothecary-style non-alcoholic drinks that followed, and the latest princely offerings (a trio of breads baked by La Fornalia) are undistinguished.

The breads are a particular disappointment. Standards generally are climbing in Britain and I had high hopes of classy loaves from Duchy Originals, expectations sharpened by the knowledge that fine varieties of wheat are grown on the prince's Highgrove estate in Gloucestershire and made into flour by Shipton Mills.

Bread is big business in Britain now and the competition is hot. New bakers and fresh loaves are coming out all the time and fashion-sensitive foodie circles are buzzing with talk of wood-fired ovens and stone-baked breads.

The most serious advocates of bread as the staff of life are snapping up copies of Tom Jaine's delightful *Building a Wood-Fired Oven* (Prospect Books, £9.99) and/or attending soursough bread-making classes at Andrew Whitley's Village Bakery in Cumbria (tel: 01768-881515 for details).

Restaurateurs who do not bake their own bread tend to favour Sally Clarke or De Gustibus as suppliers, while the queues outside Sally Clarke's shop in central London (0171-229 2190) and De Gustibus in Thame (01844-214040) bear witness to devoted retail customers. A third bread supplier to chefs is Bagatelle, which has a retail shop at 44 Harrington Road, London SW7. Bagatelle's Dauphinois bread, an *entente cordiale* loaf incorporating raisins and pecans, specifically created to partner Siltton cheese, is also stocked by Harvey Nichols of Knightsbridge.

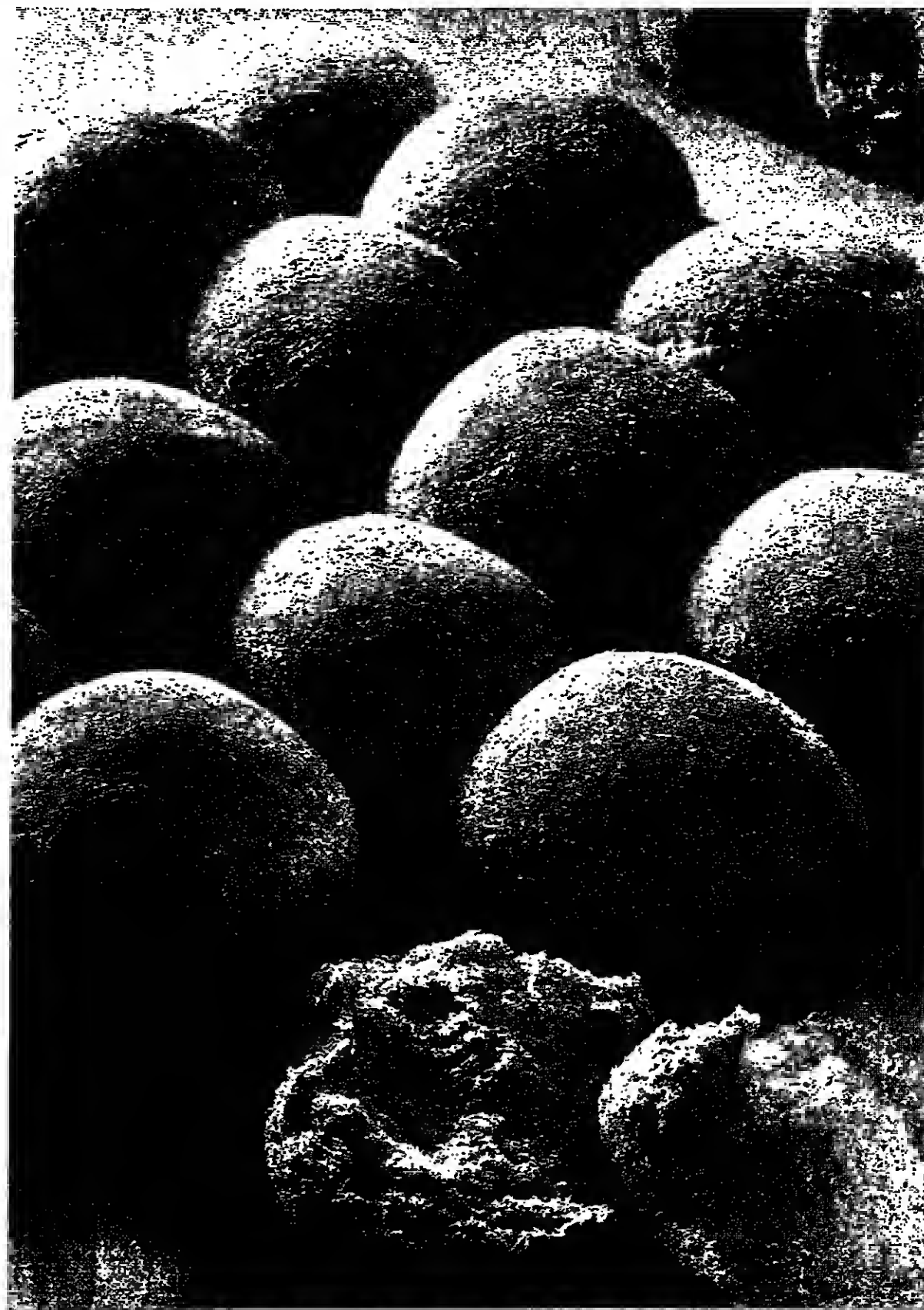
Another respected name in bread-eating circles is Maison Blanc, a *boulangerie-pâtisserie* retaining the French tradition of opening its doors seven days a week. Branches in Oxford, Chichester, Cobham, Chelsea, Hampstead, Holland Park and Richmond have been augmented by a St John's Wood venue (0171-586 1882) where a *salon de thé* encourages on-site sampling. Look out for the baguette and *flûte de tradition* (be sure to ask for the traditionally made versions), *pain au levain*, *cereale* and *compoillou*. This last, slightly chewy, rough textured, nutty and mildly sour, has become a favourite daily staple *chez* Davenport.

Supermarkets are currently the major source of bread sales, but (as yet) relatively few of the loaves they sell satisfy the anticipation excited by the crusty rustle and warm yeasty smell emitted by so-called in-store baking.

My best recent purchase has been a new Waitrose own-label stone-baked bread simply labelled "brown bread with fruit". Made with a mixture of wheat and light rye flour enlivened with a sprinkling of caraway, prunes and raisins, I like it on its own for breakfast, and teamed at lunchtime with such farm-made cheeses as Mrs Kirkham's Lancashire, Diana Smart's Single Gloucester and Mary Holbrook's Sileight.

Baking traditions in Britain have probably been upheld best in the north and on the Celtic fringes. Kolos Bakery at Bradford in Yorkshire (01274-729958) and Innness of Tamworth in Staffordshire (01827-830097) are both renowned beyond their immediate localities with good reason; and Scotland is famed for its morning goods as Catherine Brown points out in her splendid new book, *A Year in a Scots Kitchen* (Neil Wilson £14.99), shortlisted for this year's Michael Smith Award.

In the chapter on breakfast baking, Brown describes the historic custom of giving strangers a warm welcome in outlying areas, where a knock on any door traditionally guaranteed the traveller food and a bed for the night. Hospitality was a matter



Whole wheat morning rolls from Rosemary Moon's 'High-Fibre Cooking' (Apple, £16.99) which has some delicious bread recipes

of honour under the old Clan system. Thus when Johnson and Boswell toured the highlands and islands in the late 18th century they were received into houses everywhere by lairds who operated a system of passing-on with a letter of introduction. Such customary hospitality, Brown notes, had inadvertently kept inn standards low.

But the gene of generosity is evidenced to this day in Scottish bed and breakfast hillside where hosts take pride in offering such breakfast feasts that the need for lunch is all but obviated.

In addition to porridge, fresh free-range eggs, properly cured bacon and undyed

kippers, home-made marmalade and preserves, guests may be offered home-baked oatcakes - "water thin, griddle curled, dusky and nutty" - a distinctive product of the home baker's skill and care, occasionally sold by farmer's wives at rural shows and Highland games - barley bannocks distinguished by their earthy meanness, and rowies or Aberdeen rolls.

Rowies are better known as butteries outside their immediate homeland. The reason, Brown suggests, is that their richness was assumed (wrongly) to come from the inclusion of butter. Originally the fat would have been meat dripping, a natural choice since Aberdeen is home to what is arguably the world's best beef, but lard, or more often solid vegetable fat, is the norm now.

Rowies call for a special knack. It takes practice to make them well. A good rowie is rich and delicious (decimating the fat content, as health lobbyists might urge, destroys its character) with none of the pretensions of a croissant. It is endearingly homely to look at, should be crisp and

crunchy with a faintly burnt saltiness.

Rowies are an occasional indulgence, not daily bread. Aberdonians understand that, and on Friday and Saturday nights production soars at the city's bakeries, climbing up to 10 times weekday levels.

Do not think, by the way, that rowies are purely breakfast fare. They can be

Put a very thick layer of flour on the board and place the plain bread dough on it. Flour it on top and spread it out with well-floured hands, or a rolling pin, till about 1 cm thick and roughly rectangular. Spread half the fatty dough over it. Fold down one-third to the centre and fold up the bottom third. Roll out to about 1 cm thick and repeat with the remaining fatty dough. Roll out and fold the dough once more using plenty of flour.

Divide the dough into 20-24 x 50 g pieces. Flour your hands well, take up a piece, tuck to flour it evenly, place it on a baking tray and press down on it with four outstretched fingers so that it spreads out. Fill the baking tray, leaving small spaces between each rowie. To finish shaping, fold the fronts of the four fingers on your right hand; make the final pressing-out of the misshapen rowies by pressing down and then spreading out with the right and left floured fingers together. The rowies should by this time be roughly 5mm-1cm thick.

Cover the tray with a sheet of oiled cling film (it is important to prevent the surface of the rowies drying) and prove for about 20 minutes till doubled in size. Bake in an oven thoroughly heated to 220°C (425°F) gas mark 7 for 16-20 minutes until crisp and golden. Leave the rowies on the tray till they have cooled a little. Then stack them, end on, in a tray. If they are stacked too soon they will have too much moisture and be soggy; if left until cold they will become very crisp and brittle and may break more easily.

For the fatty dough, mix all the ingredients together until thoroughly blended.

Appetisers

The '95s are starting to charm...

All those still dithering about whether to invest in the stratospherically priced 1996 vintage should perhaps consider the following.

This year's flowering in Bordeaux has been the earliest ever. Five days earlier than the record set in 1983. This sharply increases the chances of an early, ripe harvest of good to great quality in 1997.

The 1995s, which initially looked so shockingly high in price and now look increasingly like bargains, are tasting better and more charming all the time. This is the last possible time to sign up for Oddbins' offer of the 10,000 cases of 1995 red Bordeaux they bought en primeur.

These will be offered next month to those who have filled in the form in the magazine *The Catalyst* or written to Oddbins En Primeur On The Shelf, 31-33 Weir Road, London SW19 8UG by Friday. Payment on collection or delivery, which makes an agreeable contrast to everyone else's 1996 offers.

At last, evidence that wine drinkers are not nearly as wedded to the cork as wine marketers believe. Penfolds, the innovative Australian company, launched a wine in the UK at £5.50 with a screwcap and included a questionnaire on the neck.

A remarkably high 10 per cent response rate resulted in 14,000 returned questionnaires. Only 14 per cent of these generally upmarket consumers regarded screwcaps as worse than a natural cork, while 48 per cent thought they were as good and 38 per cent thought they were even better.

Consumers were also asked which sort of stopper they favoured overall for their wine bottles and the screwcap won the highest rating (48 per cent), those horrid synthetic corks polling lowest (21 per cent). The survey's sample may well be skewed towards those who drink New World wines. Sir Stuart Tufnell, who drinks nothing but claret, may be less ready to accept it in a screwcap. But these were obviously relatively knowledgeable wine drinkers.

More than 80 per cent claimed to know all about "corked" wine, or wine that smells unappetisingly mouldy because it is tainted - which is why producers are so keen to find a substitute for a natural cork. What was more worrying for the wine trade in general was that 19 per cent of all respondents claimed to have come across a corked wine within the last week.

Fed up with being coerced into celebrating American Independence Day? Try Canada Day instead, which the Savoy hotel in London is managing to turn into a celebration lasting nearly three weeks. From Monday until Saturday July 19, grill chef David Sharland has created a special menu for the Upstairs brasserie including dishes such as sweet lobster bisque and mango salsa, lobster satay with coriander butter and baked lobster with potato salad and hot butter. From £7 for starters, £12 to £18.50 for main courses. Cocktails to comfort



bomesick Canadians too. For more information/bookings call 0171-836 4343. *Jill James*

No sooner was the paint dry on Maison Novelli, in London EC1 (0171-251 6806) than Jean-Christophe Novelli took over The Ark, W8, and reopened it as Novelli W8 (0171-229 4024) with an emphasis on keen pricing and offal but not much space between the tables. First courses £4.95, main courses £10.50 and desserts £4.75.

The overdue redesign of Cranks, the vegetarian restaurant, has taken place with the opening of its flagship Vitality Café in Adelaide Street, London WC2. Other branches are to be converted shortly. *NZ*

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John Westbrooke

So many young families have moved in that school cannot cope and are considering year-round opening with four terms, or two daily shifts.

■ **Laker Vacations** (tel. 01293-775555) offers two weeks fly-drive from Gairwick to Fort Lauderdale from £299 per person, low season, £375 high season.

There are few places in the world where such unspoiled forest stretches so far. Canada's population remains low, the huge preponderance living within spitting-distance of the American border, but

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TRAVEL

Silk Road journey on Mao's train

Walter Glaser realises an ambition by taking one of the world's most exotic routes

The Silk Road. From my schooldays the very name had conjured visions of Marco Polo trekking slowly across China to follow the arduous path that had been the umbilical cord of trade between exotic Asia and worldly Europe for millenniums. One day, I promised myself, I too would travel that road.

Not long ago I noticed an advertisement offering a "one-off" journey along this romantic pathway. Starting from Almaty in Kazakhstan it would transport its serendipitous participants across the Xinjiang and Gobi Deserts, making the journey on the Chinese government's state train built for Chairman Mao.

It was time to smash the money-box and realise a dream. Weeks later we were in Almaty and taking a Russian train to the point of rendezvous. The adventure had begun.

Ahead of us lay Druzhba, a new, half-built town rising from the flat, barren plain. At the partly-constructed station the dark green Chinese state train was waiting, its crew smartly-attired in crisp white jackets. Soon we were settling into the somewhat cramped compartment, our home for the next ten days.

The beginning of the journey across bone-dry and monotonous flatness was unexciting. But soon the terrain changed and sparse vegetation appeared, rapidly

becoming thicker until we were chugging through lush green countryside.

Slowly our train wheezed its way into the ice-capped mountain range that peaks near Urumqi, 5,445 metres above sea-level. The thin air and steep climb strained our three big, tandem-linked, diesel engines to their limits.

Before arriving at middle-of-nowhere Urumqi, isolated even for outback China, our tour guide explained its history. Not on the original Silk Road, Chinese troops were sent there during the Western Han Dynasty, 200 BC, to establish agriculture and make it viable as a border outpost.

A brief stop allowed us to visit pretty Heavenly Lake, a lacquered red pagoda on the water's edge etching the scene into my mind.

Crossing more desert, we arrived late at night in Turpan, one of the Gobi Desert's great oases. At last we were on the true Silk Road.

Turpan, a thriving agricultural community of more than 250,000, which grows grapes, fruit and cotton, it is a subterranean aquifer fed by streams from the surrounding mountains. It turned my preconception of an oasis upside down.

In 108 BC Turpan was an important hub, controlling trade between Persia and China. Its inhabitants were of Indo-European descent, speaking a now extinct Indo-Persian language. Over the next 1,000 years it was ruled by various Chinese dynasties



Selling bagels on the Silk Road: each day brought new surprises and new knowledge

and, like the rest of this part of Central Asia, was forcibly converted to Islam at the end of the 14th century.

Turpan is below sea-level. Although it is not far from glacier-topped peaks, it is the second-lowest place in the world after the Dead Sea. It also has one of the fiercest climates in all Asia. Winters are dry and bitterly cold; summer goes to the other extreme, with temperatures regularly reaching 40°C (104°F) between June and August.

The next day after a simple Chinese breakfast, we boarded buses for a visit to the crumbling remains of the ancient city of Gaochang.

At first I could not make out the ruins of buildings in what looked like a barren landscape of silt clay, but soon a group of rumpled but smiling children appeared, happy to guide our quaint donkey carts through the once-bustling streets of this

vast, ghostly town. Built around 200 BC as a garrison, Gaochang eventually became the capital of its own kingdom under the Han Dynasty of Qiu. A centre of Buddhist learning, it had many monasteries and temples, as well as a Confucian college.

How the flow of Europe/Persia/India/Asia trade affected the life of Gaochang was made evident in many small ways. Some excavated rooms had mosaic floors. Statues and paintings were in Buddhist and Gandharan style, but also showing a strong classical Greek influence.

Manuscripts found in the ruins were in Chinese, Tibetan, Sanskrit, Uighur, Tocharian and Syriac. Originally this vast complex had three sections, inner and outer cities and a palace section with 12 gates, guarded, according to the manuscripts, by 900 soldiers. Sadly, the mud brick

walls, made of topsoil and cow manure, were discovered to be excellent fertiliser by local farmers who destroyed many walls for this purpose. There is not much left now.

As we were leaving Gaochang a wizened old man

'The whistle blew, and we slowly moved towards the Gobi Desert and Xian'

stood at the ancient gate inviting tourists to have their picture taken with his beautifully groomed camel.

During our two-hour visit, he probably earned more than his previous year's income. Gaochang is popular with Chinese tourists but foreign visitors are scarce

indeed. In all the time out and about that day, we only saw the occasional intrepid Japanese and one rare Westerner.

On the bus again, we passed fields of cotton being harvested, the bales going to town by donkey cart. Vineyard after vineyard soon appeared, full of the large, oval, sweet green grapes, known as mare's nipples, which have been growing in the area for centuries.

The Turpan used to pack the grapes on ice collected from the mountains and send them to Beijing for the Emperor as a gift.

We saw workers gathered around huge mounds of what looked like green berries and seeds. On closer inspection we found they were raisin-makers, spreading out grapes on large tarpaulins to allow the fruit to dry in the sun. Others were busy turning half-dried grapes to ensure even drying.

Through the midday haze a barren mountain range appeared in the distance. That, our guide explained, was our goal - the Bezeklik Caves of the Flaming Mountains. The latter are red sandstone hills running along the northern edge of the Turpan depression.

The late afternoon sun bounces off the reddish soil, making these hills appear to be on fire. Over millenniums the Murtuk River, winding its way through the Flaming Mountains, had gouged a deep trench where only a slab of green vegetation now survived.

Between 300 and 1300 AD Buddhists had excavated many caves high on a ledge above the Murtuk, which they used as shrines. By the 15th century the weathered, soft sandstone facings had become unrecognisable, and were subsequently forgotten by mankind.

At the beginning of the

1900s, German archaeologist von Le Coq rediscovered them. In three trips he took 24 tons of antiquities back to Europe. A subsequent expedition led by British archaeologist Sir Aurel Stein removed a further 140 crate-loads.

Local people then defaced some of the Buddhist images and paintings on the cave walls and the area was again ignored for nearly a century.

Now the Chinese government has preserved those caves that had been spared and restored some of the others. As we slowly filed into the caves the effect was awesome and eerie. I felt that the ghosts of the fresco painters were still nearby. The Bezeklik Thousand Buddha Caves are unforgettable. How superb they must have been before the frescoes were so sadly ruined.

In the late afternoon we returned to Turpan to continue our journey. As our buses arrived at the station, we saw that word of our presence had spread.

China Rail had completely cleared the local population from the entrance and the platform, and hundreds of residents had gathered behind barricades. Some were smiling, some staring open-mouthed.

This was the first time that Chairman Mao's train had chugged into Turpan, and our group was the largest contingent of westerners seen since the Russians pulled out in 1960. Wherever we went in this remote part of China, there was the same awed curiosity about this detachment of foreigners.

We boarded, the whistle blew, and slowly we clattered back towards the Gobi Desert and far-away Xian. As we chugged our way across Xinjiang and the Gobi desert, each day was to bring new surprises and new knowledge. And with them we developed an understanding of what true travel is all about.

On this journey, until the moment we saw the thousands of life-sized terra-cotta warriors unearthed in Emperor Qin Shihuang's grave at Xian, I kept thinking of what Aldous Huxley had said in 1925 in *Along the Road*: "The voyage ceases to be a mere tour through space; you travel through time and thought as well."

Snapshot

Croatia tries to rebuild

Guy Dinmore goes sailing

The Yugoslav National Army's bombardment of the ancient port of Dubrovnik and its marina in late 1991 destroyed not just monuments and luxury yachts but also independent Croatia's hopes of developing its once-thriving tourism industry along the Adriatic.

But 18 months after the end of the war, holiday-makers are returning to Croatia, lured by its pristine, azure coastline and more than 1,000 islands, islets and reefs. Yacht charterers are back in business too, offering a "get-away-from-it-all" alternative to the crowded harbours of Greece.

Canterbury-based Tenrag (Tel: +44-1277-721874) rescued its entire fleet from Dubrovnik during the siege. The boats are still in service - some with eye-catching patched-over bullet holes. Roger Garnett, managing director, has moved his operations up the coast to the Roman port of Zadar, well away from Bosnia and Yugoslavia, and says demand is picking up well for his 30 boats, especially among German tourists.

A soft, six-berth yacht during the July-August high season costs £1,800 a week, about 10 per cent more than in Greece but on a par with Turkey.

Zadar is an ideal starting point to explore the Kornati, a string of the most rugged islands in the Mediterranean and Adriatic which have been declared a national park, along with an Illyrian fortress and a ruined Roman villa on Mala Proversa.

As yet Tenrag has no plans to return to Dubrovnik, which lies uncomfortably close to Bosnia in the far south-east of Croatia. "It's a matter of perception. If people feel there is any risk involved, they won't go back," Garnett says.

A Croatian company with boats in Dubrovnik is Atlas Charter (355-30-112-222). A six-berth Elan 431, a Slovenian yacht, costs DM5,100 a week during August. Similar fears of renewed conflict plague Split where

Croatian refugees from the war still occupy some hotels and little effort seems to be made to entice foreign holiday-makers back.

A receptionist at the marina, just across the bay from the magnificent palace of the Roman Emperor Diocletian, said no charter companies were operating there. But a wander along the pontoons led to an encounter with Ivo Bui, putting the finishing touches to his gleaming, 38-foot *Jeaneau*.

Down below, Bui laments the passing of Split's glory days as a tourist haven and its present attraction to an influx of job-seekers from the remote hills of Bosnia-Herzegovina.

"We are in a great, great hole. But every day, every week, we are rising up," he says. Before the war Split alone had 200 charter boats but in all of Croatia there are now perhaps just 100, he estimates.

Our operators say Croatia's main drawback is not the threat of war but the strong currency, the kuna. A superb fish meal for two with some fine Dalmatian white wine at the Fontana Kod Zeca restaurant in Trogir, just north of Split, costs around 450 kuna (\$75).

The restaurant is shaded by palm trees and nestles under the medieval walls of this small fortified island, just across the waters from the local marina.

But take your own bottle to Trogir's market and you can fill it with the local and somewhat lively wine from a vat for less than the price of mineral water.

But (355-58-555-335) charters his *Jeaneau* for DM3,150 to DM3,400 over the summer, and recommends isolated havens nearby which can be easily reached once the usual afternoon winds pick up.

Try Pakleni Otočić off Hvar. The name means "Hell Islands" but Bui says the pebble and sand beaches close to pine forests are really paradise.

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TRAVEL

The answer, my friend, is blowin' in the wind

Yodel or use the horn. It's more fun than a mobile phone or fax, says Kevin Pilley

Holding an alpine horn for more than 16 beats needs a lot of breath and great upper body strength as well as technique. You have to know your way around an alpine horn. Grip is all important. Just because you play the recorder does not mean you can pick up the horn easily.

Martin Christen, from Root in the Central Swiss Canton, runs the world's only crash course in learning to extract a musical ditty from an alpine horn.

He is the world's foremost teacher. Having won his country's national horn championships for the first time in 1939, the former Swiss Army trumpeter, has 50 years of teaching to his credit.

Twice a year, aspiring virtuoso descend upon Sondereg to learn the secrets of lip-pursing, tongue vibration and the redistribution of alpine air in waltz time.

The four half-day classes,

held in July and October, cost SwFr200. A horn can be hired for SwFr25. You are welcome to bring your own.

The price includes your own manual and a 30-minute cassette which conscientious students are supposed to take back to their hotel room and use to practise rhythm drills and slurring - until they lose consciousness or someone bangs angrily on the wall and asks them to be quiet.

Before fax machines and cellular phones, yodelling and alpine-horn blowing were the means by which the Swiss communicated with each other and exchanged gossip across the valleys. Certain melodies had certain meanings. Horns were used to convey news of the movement of animals in fields as well as deliver SOS and Mayday messages. Now they are national pastimes and competitive sports.

The National Yodelling and Alpine Horn Champion-

ships is held every two years in Sarnen. The horns used competitively in the four big "blow-outs" every summer in Switzerland are between 4m and 5m long. The longest ever made measured 47m and took 10 men to lift it. It was made by Seppi Stocker, whose family has been

Swiss yodelling is a highly specialised and distinct art form

whistling horns since 1776.

His factory is in Kriens near Lucerne. He makes 400 horns a year and exports them around the world. A horn is made from Swiss red fir and wrapped at the end with Malaysian bamboo. Willow and birch were once used too. The wood is kiln-

dried, planed, shaped by lathe, lacquered and then a personalised motif, often flowers, is hand-painted on the bell end. There is a Swiss cross on every horn. Each is electronically tuned; the longer the horn the lower the key. They cost anything from SwFr2500 to SwFr4000.

The alpine horn is not just a picture postcard gimmick. Brahms and Dvorak composed passages for it. Played well, its fans say, its melodies represent a natural relationship with the mountains. At Switzerland's alpine horn festivals - usually combined with *Jodel-fests* - each blower is given three minutes to perform a memorised piece in front of a panel of experts who take into consideration everything from posture, range and puff.

Every blower wears his own special celebration day and wrapped at the end with Malaysian bamboo. Willow and birch were once used too. The wood is kiln-

Swiss village has a yodelling and horn club and it is every Swiss child's dream to grow up and be either a celebrated lip-vibrator or a famous yodeler.

Yodel composers such as Robert Fellmann, Ernst Sommer and Marti Marie-Theres are as famous in Switzerland as The Beatles. Recordings of yodel songs like *De Mäseisch cho* and *Büsch no es bühel* do outsell Phil Collins. The earliest yodelling scores appeared in the early 18th century and all yodelers - up to 500 contestants compete in the solo, duet, quartet and choir sections at every festival - are again given three minutes to impress the judges.

Prizes are sashes, trophies and, most coveted of all, hatpins. Swiss yodelling is a highly specialised and distinct art form. It is more choral than German yodelling which is more boisterous and thigh-slapping. Swiss yodelling is more lyrical, more churchy, prayerful and



romantic. "Done well it is sublime," says top yodeler Franz Cyp. Done badly and it sounds like someone about to rupture himself.

There are horn-horn geniuses who can play divinely. There are many who sound like a faulty plumbing system. "Sometimes, too, as if a bird has nested down the horn," says top player Hermann Studer from Echolschwil. He adds: "Brahms and Dvorak composed music for the horn. A trained ear can tell where a blower has grown up and learned the instrument." Each region has a distinct

style. The blowers of Uri pre-fer the rich G-horn, those from Lucerne the high register. Swiss women compete on equal terms but men are generally more successful in competitions since there are more of them and they have more wind.

The Wilder Mann Romantic Hotel in Lucerne is the best place to stay if you are going to try your hand at Herr Christen's masterclass and perhaps visit the Echolschwil festival.

Built in 1517, near the town's famous Chapel Bridge, the hotel is a comfortable base to recover your

breath and do more obvious things like hiking in the foothills, taking a trip on the Lake of the Four Cantons (the Swiss Red Pass covers this) or visit the Richard Wagner museum.

Martin Christen has produced a "Teach Yourself to Play The Alpine Horn" cassette which is available in 12 different languages. The Wilden Mann is not yet sound-proofed so pupils might have to wait until they get home ready to develop their clarity and precision of attack - although a pair of thick mountaineering boots does make stop-gap mutes.

Skiing

Midsummer midnight madness

Arnie Wilson enjoys a trip to Swedish Lapland

As we soared up and over the great granite saddle high above the Riksgräns mountains, the Arctic sun's rays burst into the cockpit of our helicopter like a bottle of rose champagne suddenly uncorked, turning the sombre rock faces into a kaleidoscope of colour.

It was just before two in the morning and it was almost as if the sun, having dipped down to the horizon, had decided not to set after all and had bounced back into the sky again, in this most north-westerly tip of Swedish Lapland.

Not that there was much life to illuminate, stretching into the distance on all sides were haunting landscapes of Arctic mountain ranges, broken only by the shimmering Ofotjorden.

Of Narvik, the Norwegian port which perches on the edge of the fjord, there was no sign. And Riksgränsen, Sweden's most northerly ski resort, where midsummer revellers were still dancing around Sweden's midsummer version of a maypole, was obscured by mountains.

We had started our long, potentially endless day by skiing on Riksgränsen mountain, still quite well endowed with snow, although it had become a little slushy after lunch and we had to pick our way around quite a few rocks.

Somewhere beneath our skis on Skrattevalen (the Laughing Wall) were the shattered remnants of a Junkers transport aircraft shot down by the Swedes in 1941. Only two of the seven passengers and crew survived. The snow hides the wreckage, only revealing its grim secret briefly in early autumn.

At 4pm, with the sun still high overhead, we still had five hours to enjoy an excursion to Narvik before celebrating "night" with our hell-aking outing.

Riksgränsen, close to the coast and right on the Swedish border with Norway, started life in 1909 as a railway outpost; huge quantities of iron-ore were being mined at Kiruna, 90 miles inland, and transported by rail to Narvik, a port kept ice-free by the Gulf Stream.

To this day, 50 wagon-loads of ore at a time are transported to Narvik every hour or so, day and night past the Riksgränsen hotel and ski centre which started as a cafe offering overnight accommodation. To be fair, we rarely heard the trains going by. During the war, Sweden, although neutral, allowed the Germans access to the line, which became a vital route for moving troops into Norway and transporting injured soldiers and prisoners-of-war. The Allied fleet, suspecting that the Germans were using the iron-ore to fuel their war

machine, attacked Narvik. German destroyers guarding the line were sunk.

In our break between skiing, we took a passenger train to Rattat, high above the fjord and descended along the route once trudged up by British, Norwegian and Swedish railway navvies a century ago: a four-mile trek - skiable in winter through a steep and magnificent wooded valley cut by ravines, gorges and waterfalls cascading down towards Rombakstjøn, on the fjord's edge.

There, we boarded a small ferry-boat for the spectacular hour-long journey to Narvik. En route we paused to contemplate the stark, rusting bow of a German destroyer, the Georg Thiele, beached at a crazy angle during the sea battle at Narvik more than half a century ago. The captain, realising his vessel had

Back at our hotel, just before 10pm, people were still sitting in the sunshine. Others were going skiing

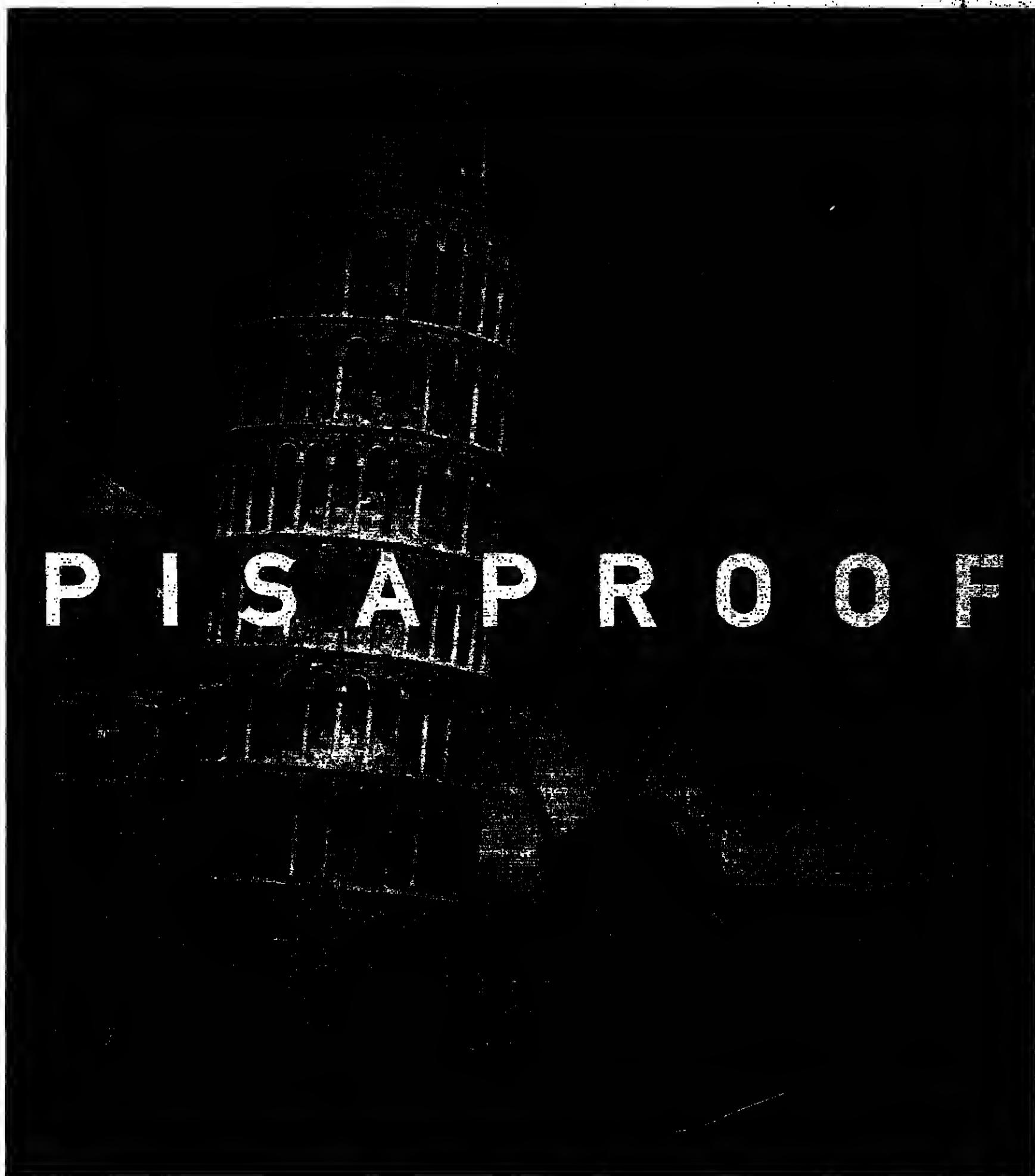
been fatally holed, had decided to run full-tilt at the banks of the fjord to save as many lives as possible. The hulk has remained there ever since.

Back at our hotel, just before 10pm, people were still sitting in the sunshine. Others grabbed skis and climbed aboard the chairlifts which, to celebrate midsummer, would stay open until well past midnight.

Having skied all morning, walked for two hours and eaten more than our fill of salmon, herrings and prawns, we were aching for bed. But the sun - and the prospect of hell-aking in the middle of the night - drove us on.

Having achieved that, the prospect of dancing round the 20-ft high *midsummerstang* (midsummer pole) made of birch branches dotted with buttercups and daisies (usually unavailable in May for maypole duty) was finally beyond us. Sleep came quickly - even though the sun was streaming through the curtains.

Riksgränsen's ski season normally lasts from February until midsummer's day. Arnie Wilson's visit was organised by The Swedish Travel and Tourism Council, 11 Montagu Place, London W1H 2AL (0171-724-5888). He flew to Stockholm with Finnair and stayed at the Radisson SAS Sky City airport hotel. He flew to Kiruna with Scandinavian Airlines.



Whatever else falls down during your vacation it won't be your luggage, that is, if you left home with the Samsonite Ultra Transporter. This new luggage system has convenient horizontal shelving and 4 balanced wheels which give extra stability. Whether you're pushing or pulling, the Ultra Transporter is also very manoeuvrable, especially when you have to weave your way around

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

ADELAIDE

EXHIBITION
Art Gallery of South Australia
Tel: 61-8-207 7000
● Still-Life still lives: display of Old Master and 19th century Australian paintings in the western still life tradition, juxtaposed with 20 installations and three-dimensional works by contemporary Australian artists; to Jul 27

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● I Flaminghi: with conductor Rudolf Werthen and pianist Bruno-Leonardo Gelber in works by Haydn and Shostakovich; Jul 3

ANTWERP

CONCERT
deSingel Tel: 32-3-2483800
● Das Klagende Lied: by Mahler. Conducted by Stefan Soltesz, performed by the Symphony Orchestra of the Vlaamse Opera; Jul 2

BARCELONA

EXHIBITION
Fundació "la Caixa"
Tel: 34-3-458 8907
● Tàrrida de Ameral, Frida Kahlo, Amelia Peláez: exhibition of works by the three Latin American women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which exerted a profound influence upon their distinctive brand of Modernism; to Jul 27

BERLIN

FESTIVAL
Bach Tage Berlin Tel: 49-30-3015518
● Bach-Tage: annual Bach and chamber music festival featuring performances by the Deutsche Kammerphilharmonie, the Hilliard Ensemble, Trio Passaggio, Ensemble Clavier and the Renaissance Band. The opening concert is by the Freiburger Barockorchester, conducted by Thomas Hengelbrock; from Jul 5 to Jul 13

BOLOGNA

EXHIBITION
Gallerie d'Arte Moderna
Tel: 39-51-502850
● George Baselitz: the first retrospective of the German artist's work to be held in Italy, tracing all developments in his painting, beginning with the New Objectivity of the 1950s and later Abstract Expressionism and "upside down" works; to Sep 7

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
● Sigmar Polke: the largest retrospective exhibition of the German artist's work yet mounted, featuring 220 pieces from all phases of his career; to Oct 19

BOSTON

CONCERT
Koussevitzky Music Shed
Tel: 1-617-637 5230
● Boston Symphony Orchestra: with conductor John Williams and violinist Gil Shaham in works by Rouse, Barber and Copland; Jul 6

BRUSSELS

EXHIBITION
Musées royaux des Beaux-Arts de Belgique - Musée d'Art Ancien
Tel: 32-2-5083211
● Paul Delvaux: thematically organised retrospective devoted to the work of the Belgian artist featuring approximately 120 paintings and 130 works on paper from international collections; to Jul 27

OPERA

Théâtre Royal de la Monnaie
Tel: 32-2-229 1200
● Ariadne auf Naxos: by R. Strauss. Conducted by Antonio Peppano. Soloists include Susan Chilcott; Jun 29

COLOGNE

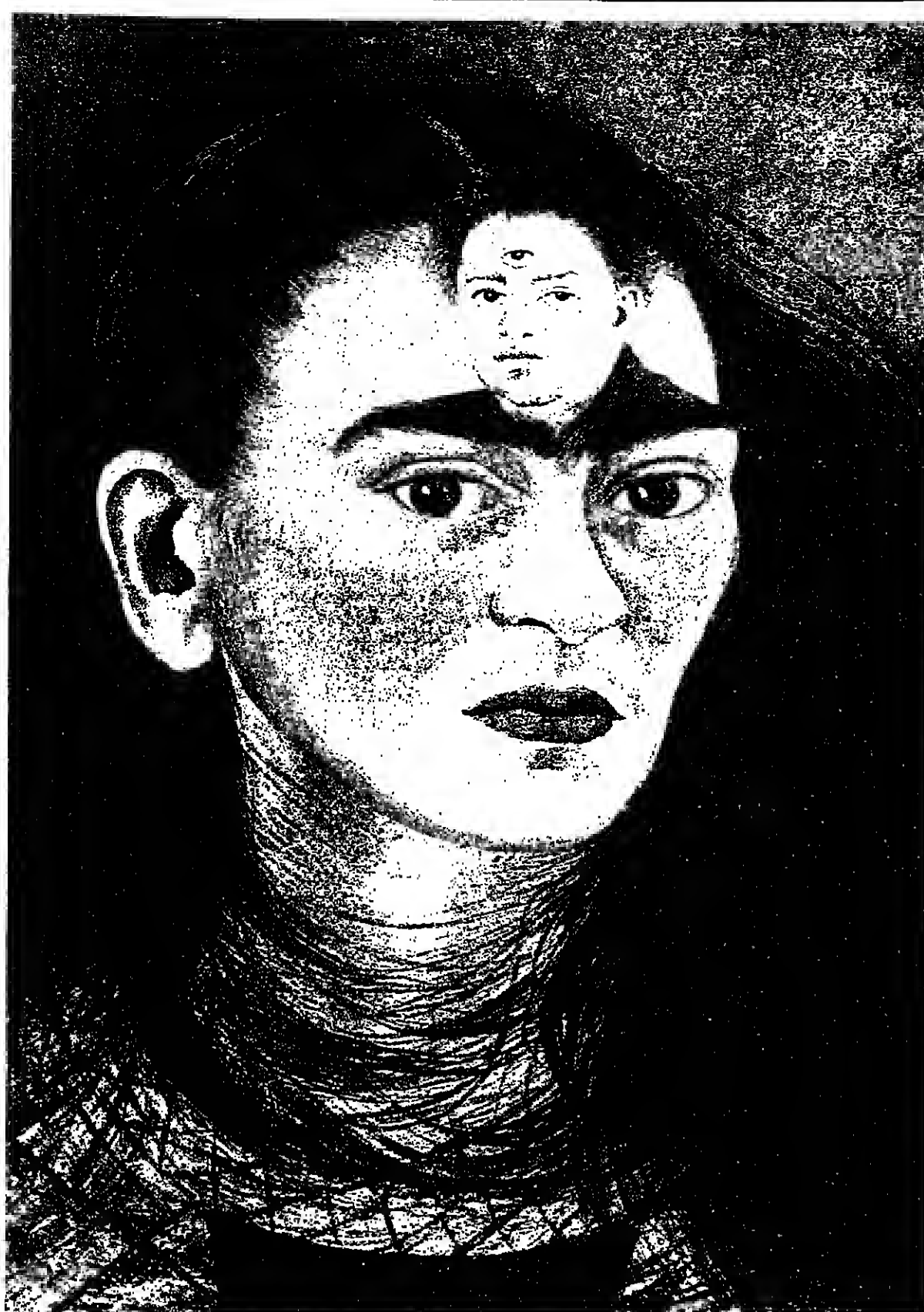
CONCERT
Musik Triennale Köln
Tel: 49-221-9257160
● Jose Carreras: performance by the tenor, accompanied by the Nordwestdeutsche Philharmonie, conducted by David Gilman. The programme features selected works from operettas and musicals; Jun 29

EXHIBITION
Wallraf-Richartz Museum
Tel: 49-221-221 2372
● L'Art Gourmand: exhibition focusing on kitchen and banquet still lives and including works from artists ranging from Pieter Aertsen to Pablo Picasso; to Sep 14

COPENHAGEN

EXHIBITION
Fotografisk Center-Photographic Centre
Tel: 45-33-93 09 96
● Yoko Ono: Conceptual Photography - display of photographic work by the Japanese artist from the 1960s to the present day; to Jul 24

FESTIVAL
Copenhagen Jazz Festival
Tel: 45-33-93 20 13
● Copenhagen Jazz Festival 97: featuring performances by Herbie Hancock, the Joe Lovano Quintet, Andy Sheppard, Ray Anderson and the



"Diego and me", 1949, by Frida Kahlo, one of three women artists represented in an exhibition at the Fundació "la Caixa" in Barcelona

Tony Harrell Octet. The opening concert takes place at the Jazz House and features a performance by Groove Collective; from Jul 4 to Jul 13

DETROIT

EXHIBITION
The Detroit Institute of Arts
Tel: 1-313-833 7963
● Sol LeWitt: Prints 1970-1995 - display of woodcut, lithograph and screenprint works by the American artist; to Aug 7

DUBLIN

EXHIBITION
Irish Museum of Modern Art
Tel: 353-1-671 8666
● Damien Hirst: the first showing in Ireland of "Acquired Inability to Escape", a sculpture by the Turner Prize-winning British artist. The work forms part of the Wellkunst Collection of Recent British Art, on long-time loan to the Museum; to Aug 30

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art
Tel: 44-131-5589921
● Surrealism and After: The Gabrielle Keiller Collection - display of one of the largest private collections of Dada and Surrealist art and literature, works by Francis Bacon, Salvador Dali and Marcel Duchamp; from Jul 5 to Nov 9
● Scottish National Portrait Gallery
Tel: 44-131-5589921
● The Face of Denmark exhibition organised with the cooperation of the Gallery's Danish counterpart featuring around seventy portraits, including works by the painters Jens Juel and Christen Købke and the sculptor Bertel Thorvaldsen. Also included are works from the Renaissance period when, through the marriage of Anne of Denmark to King James VI, Scotland and Denmark were bound closely by family and economic ties; to Aug 31

FRANKFURT

EXHIBITION
Deutsches Architektur-Museum
Tel: 49-69-212 39471
● Mari Starn (1899-1986): Architektur, Gestalt - display of works by the designer, complemented by a number of models, sketches and plans for his pieces; to Sep 7

GENOA

EXHIBITION
Palazzo Ducale
Tel: 39-10-562440
● Van Dyck e Genova: Grande pittura e collezionismo - exhibition examining the years Flemish painter Anthony van Dyck (1599-1641) worked in Genoa. The display features some 40 of Van Dyck's paintings as well as works by others; to Jul 13

GLASGOW

EXHIBITION
McLellan Galleries
Tel: 44-141-331 1854
● The Birth of Impressionism: from Constable to Monet - exhibition featuring over 300 works, setting the Impressionist movement in a social,

scientific and historical context, looking at the effects of photography, new paint technology and the coming of the railways on artists including Millet, Rousseau, Courbet, Degas, Monet, Pissarro, Manet and Cezanne; to Sep 7

HELSINKI

EXHIBITION
The Finnish National Gallery - The Museum of Foreign Art, Sinebrychoff
Tel: 358-9-1736360
● "The Madonna with the Rose" and Other Masterpieces from Utrecht: display of works produced in the Dutch city during the 16th and 17th centuries. Many Utrecht painters practised their apprenticeships in Italy, a fact reflected in their works; to Aug 17

KASSEL

EXHIBITION
Documenta
Tel: 49-561-707270
● documenta X: series of exhibitions incorporating a whole range of cultural activity; from sculpture, photography, film, painting and drawings, to theatre, music, literature and new electronic media. The sites are all in the city centre, the main venue being the Museum Friedericianum; to Sep 28

LEIPZIG

OPERA
Oper Leipzig
Tel: 49-341-1261261
● La Traviata: by Verdi. Conducted by Jiri Kout; Jul 4

LONDON

CONCERT
St. Paul's Cathedral
Tel: 44-171-248 2705
● Great Salzburg Mass: by Biber. Conducted by Paul McCreesh, performed by the Gabrieli Consort and Players and Musica Antiqua Köln; Jul 3

EXHIBITION
Hayward Gallery
Tel: 44-171-9604242
● Rhapsodies in Black: Art of the Harlem Renaissance - multi-media exhibition examining the artistic legacy of the Harlem Renaissance and the Jazz Age of the 1920s. Paintings, sculpture, photography and rare archival film and sound recordings trace the years when Harlem was a centre for fashion, entertainment and nightlife for African Americans escaping the segregation and racial persecution of the Deep South; to Aug 17
● National Gallery
Tel: 44-171-7472885
● Seurat's "Bathers": Impressions of the Seine - exhibition bringing together Seurat's "Bathers at Asnières" and virtually all its preparatory drawings and oil sketches, placing them in the context of Seurat's early development and showing how he and contemporaries including Monet and Van Gogh engaged with the changing face of modern society; from Jul 2 to Sep 28
● Royal Academy of Arts
Tel: 44-171-439 7438
● Hiroshige: Painter of Mist, Rain, Moon and Snow: this exhibition comprises over 120 prints from museums around the world. Hiroshige (1797-1858) was one of the greatest Japanese masters of the coloured

woodcut; from Jul 3 to Sep 28
● Tate Gallery
Tel: 44-171-887 8000
● Mondrian: Nature to Abstraction - display of more than 60 works on loan from the Gemeentemuseum in The Hague, tracing the career of one of the pioneers of abstract art. The exhibition begins with Mondrian's early paintings of atmospheric, evening riverscapes, before examining his move to Paris, discovery of Cubism, and the later full abstraction of the 1920s and 1930s; from Jul 1 to Nov 1

OPERA

Queen Elizabeth Hall
Tel: 44-171-921 0600
● The Country of the Blind: by Turgenev. Conducted by Nicholas Kok, performed by the Orchestra of the English National Opera. Soloists include Thomas Huddlestone and Regina Nathan. The programme also includes Turnage's *Twice Through the Heart*; Jul 3, 5

LOS ANGELES

CONCERT
Dorothy Chandler Pavilion
Tel: 1-213-972 8001
● Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Beethoven, Brahms and Stravinsky; Jul 4

JAZZ

Hollywood Bowl
Tel: 1-213-850 2000
● Gala Tribute to Ella Fitzgerald: featuring performances by a number of jazz musicians and singers, including Melissa Manchester, Dianne Reeves, Vic Damone, Joe Williams, Ray Brown and Louie Bellson; Jun 29

LUXEMBOURG

EXHIBITION
Musée National d'Histoire et d'Art
Tel: 352-479330-1
● Paintings from the golden age in Denmark: exhibition examining Danish art from the first half of the 19th century. On display are works by Christoffer Eckersberg, Christen Købke, Constantin Hansen and Wilhelm Marstrand; to Aug 30

MADRID

CONCERT
Auditorio Nacional de Música
Tel: 34-1-337 0100
● Orquesta de Granada: with pianist and conductor Christian Zacharias and pianist Marie-Luise Hinrichs in works by Haydn and Mozart; Jul 1

MEXICO CITY

EXHIBITION
Centro Cultural Arte Contemporáneo
Tel: 52-5 203 5820
● Manuel Alvarez Bravo: retrospective exhibition examining the Mexican photographer's long career, from early abstract experiments to later preoccupations with Mexican rites and customs. The display features 185 works, 174 silver gelatin prints and 7 colour; to Sep 14

MILAN

OPERA
Teatro alla Scala di Milano

Tel: 39-2-88791
● Tosca: by Puccini. Conducted by Semyon Bychkov. Soloists include Gailina Gorchakova, Aprile Millo, Carlo Guelfi and Sergei Larin; Jul 4

MONTREUX

FESTIVAL
Montreux Jazz Festival
Tel: 41-21-9634663
● Includes performances by BB King, Bobby McFerrin, Charles Aznavour, the Kronos Quartet, Chick Corea, Herbie Hancock, Courtney Pine, David Byrne, Sheryl Crow, Chris Rea, Emerson, Lake and Palmer and Supertramp. The opening concert is by Legends, featuring Eric Clapton; from Jul 4 to Jul 19

MUNICH

EXHIBITION
Haus der Kunst
Tel: 49-89-211270
● Gutkunst: display of more than 200 works by the abstract artists from the 1920s and 30s, both inspired by musical rhythms; to Jul 20

NEW YORK

EXHIBITION
Cooper-Hewitt National Design Museum
Tel: 1-212-860 6868
● The Jewellery of Tone Vigeland: retrospective exhibition of works by the Norwegian jeweller, featuring 79 objects documenting the artist's work from the 1950s to the present day; to Aug 24
● MOMA - Museum of Modern Art, New York
Tel: 1-212-708 9400
● Objects of Desire: The Modern Still Life - exhibition examining the development throughout this century of the still life genre, featuring works by Picasso, Magritte, Miró, Joseph Cornell, Jasper Johns and Christo; to Sep 2
● The Metropolitan Museum of Art
Tel: 1-212-879 5500
● The Iris and B. Gerald Cantor Roof Garden: special open-air display of 20th century sculpture from the museum's collection, installed in a roof-garden which offers some spectacular views of Central Park and the New York City skyline; to Oct 30

OTTAWA

EXHIBITION
National Gallery of Canada
Tel: 1-613-990 1985
● Gauguin to Toulouse-Lautrec: French Prints of the 1890s - approximately 80 prints and drawings mainly from the National Gallery's collection focusing on the circle of artists who contributed to "L'estampe originale", a series of prints published between 1893 and 1895; to Sep 14

PARIS

EXHIBITION
Galerie Nationale du Jeu de Paume
Tel: 33-1-4703 1250
● César: retrospective exhibition devoted to the work of the 20th-century French sculptor, concentrating on his figurative work, created with found and discarded iron scraps and machine parts. Included in the display are "Compressions", "Expansions", "Pouce" and other works; to Oct 19
● Galeries Nationales du Grand Palais
Tel: 33-1-4413 1717
● Paris-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts, architecture, literature and music, ranging in styles from Realism and Impressionism to Symbolism and Art Nouveau; to Jul 14

OPERA

L'Opéra de Paris Bastille
Tel: 33-1-4473 1399
● Rigoletto: by Verdi. Conducted by James Conlon. Soloists include Frank Lopardo, Juan Pons, Ruth Ann Swanson and others; Jul 3, 5

PHILADELPHIA

EXHIBITION
Philadelphia Museum of Art
Tel: 1-215-763 8100
● Paul Klee: The Bauhaus Years (1921-1931) - inaugural exhibition of the Museum's new Elgin Gallery, featuring prints, drawings, watercolours and paintings by the Swiss artist taken from the Museum's own collection; to Sep 15

ROME

FESTIVAL
Romaeuropa Festival
Tel: 4742286/4742308
● Romaeuropa Festival '97: this year's music and dance festival boasts performances by Ballet de l'Opéra National de Lyon, Robert Lepage, Ballet Cristina Hoyos and the Orchestra Regionale della Toscana. There's also a programme of contemporary dance, including performances by Orjan Andersson Dance Company and Compagnie Virgilio Sieni Danza. The opening concert is by Orchestra de Bretagne, conducted by Mark Foster, performing works by Maresz, Agobet and Stravinsky; from Jun 28 to Dec 11

ROTTERDAM

EXHIBITION
Kunsthal
Tel: 31-10-440 0301
● Monet, Van Gogh and Picasso: display of 150 pieces dating from 1820 to 1975 including works by Monet, Van Gogh, Picasso, Toulouse-Lautrec, Gauguin, Ensor, Rodin, Breiter, Kandinsky, Schiele and Kirchner; to Oct 5

SAINT-PAUL-DE-VENCE

EXHIBITION
Fondation Maeght
Tel: 33-4-93 32 81 63
● La Sculpture des Peintres: exhibition focusing on the sculptural work of 20th-century artists that are known primarily as painters. The

display features over 150 works by more than twenty artists, including Degas, Gauguin, Modigliani, Picasso, Matisse, Miró, Ernst, Braque, Chagall, Fontana, Dubuffet, Klein, de Kooning, Stella, Baselitz, and others; from Jul 2 to Oct 19

SAN FRANCISCO

EXHIBITION
M.H. De Young Memorial Museum
Tel: 1-415-754 3600
● Life and Afterlife in Ancient Peru: Treasures from The Museo Arqueológico Rafael Larco Herrera - exhibition featuring 200 pre-Hispanic Peruvian art works from the collection housed in Lima's Museum and covering a 3000 year period before the 1532 Spanish conquest. The display includes ceramics from the country's south coast cultures such as Nazca and a selection of gold and silver regalia used by the aristocrats of the pre-Inca world; to Aug 10

SAVONLINNA

OPERA
Savonlinna Opera Festival
Tel: 358-15-578750
● Savonlinna Opera Festival: month-long opera festival including performances of Mozart's *Die Zauberflöte*, Wagner's *Tannhäuser* and Leoncavallo's *Pagliacci* and *Maskari*. There are also concerts by the baritone Petteri Salomaa, soprano Mitsuko Shirai and the violinists Jaakko and Pekka Kuusisto; from Jul 5 to Aug 4

STRASBOURG

JAZZ
Palais de la Musique et des Congrès
Tel: 33-388 37 87 67
● Michel Petrucci: performance by the pianist (part of the 1997 Festival de Jazz); Jul 4

SYDNEY

AUCTION
Sotheby's
Tel: 61-2-3323500
● Aboriginal Art: sale of over 300 Aboriginal works. Highlights include "Old Women's Story", a piece by Anatjarj Tjkanarra; Jun 30

EXHIBITION
Art Gallery of New South Wales
Tel: 61-2-225 1700
● Giorgio Morandi 1890-1964: the first exhibition of Morandi's work to be held in Australia, featuring 31 paintings and 60 etchings. The Italian painter specialized in still lifes made up of common objects such as bottles, lamps and cans, working with subtle combinations of colour that produced an overall feel of serenity; to Jul 13

VENICE

EXHIBITION
Biennale di Venezia
Tel: 39-41-521 8711
● Biennale 1997: the 47th International Art Exhibition is the centrepiece of the 1997 Biennale and an attempt to merge past and present by displaying recent work by artists represented in previous Biennales over the last 30 years. The exhibition will be divided between the Central Pavilion and the Corderie, and surrounded by smaller displays by the various international representatives taking place in this year's event; to Nov 9

VERONA

FESTIVAL
Arena di Verona
Tel: 39-45-580109/966/728
● Festival dell'Opera, Balletto, Concerti all'Arena di Verona: celebrating its 75th festival this year, the Arena di Verona hosts performances of Verdi's *Macbeth*, *Rigoletto*, *Aida* and *Messa da Requiem* as well as Puccini's *Madama Butterfly* and Bizet's *Carmen*; from Jul 4 to Aug 31

VIENNA

EXHIBITION
20er Haus
Tel: 43-1-7996900
● The View from Denver: Works from the Denver Art Museum - display featuring 150 works from the American Museum's collection, including pieces by Robert Motherwell, Claes Oldenburg, Carl Andre and Roy Lichtenstein; from Jul 5 to Aug 31
● Kunsthof der Bank Austria
Tel: 43-1-5320644
● Warhol, Beuys, Richter, Naumann: display of works from the Frolich collection, featuring 120 German and American pieces. It is the first time that the collection has been shown in its entirety in Austria; from Jun 18 to Aug 24

JAZZ & BLUES

Wiener Staatsoper
Tel: 43-1-514442960
● Dionne Warwick: performance by the singer, accompanied by the BBC Concert Orchestra. The programme includes works by Bacharach and David; Jul 3

WASHINGTON

EXHIBITION
National Gallery of Art
Tel: 1-202-7374215
● Millennium of Glory: Sculpture of Angkor and Ancient Cambodia - major exhibition of Cambodian sculpture, ranging from monumental works in sandstone representing gods, guardians, female dancers and legendary creatures, to bronzes for rituals and ceremonies; from Jun 29 to Sep 28

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FT WEEKEND

True Fiction

The mother of all inventions

Robert Thomson hears of Chinese plans to get their own back over copyright violations

With a sweep of his arm, section chief Han Geming pushed the conversation back a few thousand years. Think, he said, of the inventiveness of Cai Lun, who turned plant fibres into paper in or around the year 105, centuries ahead of the competition. "It took the Egyptians until the late 9th century to reverse engineer our process."

I was trying to imagine turning broccoli into fine stationery, when Han noisily and contemptuously flipped open a CD. "And you call this intellectual property?" He had picked up a Michael Jackson album. "And that is intellectual property?" He pointed at a Spice Girls single.

Han's small office in Intellectual Property and Trademarks was cluttered with the counterfeit gathered from the streets of Beijing. There were advance versions of Microsoft's Windows 98, a boxed set of the *Jurassic Park* films, and a children's

video disc about Tomas the Tank Engine, a feisty Czech locomotive.

"I really have no problem with crackdowns on counterfeit CDs, but I refuse to protect this sort of stuff." He opened a thick book of registered trademarks brought to his attention by American lawyers: "INNovation, INNspiration, INNstruck"; "Derfrost Before Cooking"; and "Whether the Weather... Just Weather It".

"Anyway, the trademark tide is about to turn," Han smiled, reached for his Double Happiness cigarettes, and unfolded the strategy soon to be delivered formally to the World Trade Organisation in Geneva. "There are certain Chinese inventions which have been

flagrantly copied over many centuries and for which we have not received due financial credit."

He clutched a pirate copy of the latest Le Carré novel, ran his thumb through the pages and listened cheerfully as the book flickered to a finish.

"Paper," he said. "You, personally, would be out of a job without us. Your life would be very different. In your laboratory you would have a little hassian bag filled with dried oak leaves or clumps of grass."

Han, having worked his way through two difficult stints as a trade attaché in the Washington embassy, was on the earthy side of blunt. He meant no offence, but the frustration of being lectured time and again by US

trade negotiators had made the thought of pay-back all the more pleasant.

"On paper, we are looking for two things. The first is a small symbol in the corner of each sheet larger than 10cm x 15cm, including newspapers, office stationery and advertising boardings. It is very similar to the copyright mark, so there should be no problem in adopting the idea."

He showed a small circle containing "cc", and explained that it meant "Chinese Concept". "The second issue is money. We realise that asking every user of paper for a fee is unworkable, but we have taken note of the \$360m settlement between tobacco companies and the US government. A lump sum

would be the simplest solution." Rummaging for a moment in his top drawer, he produced a list of countries and amounts: the US \$450m; Japan \$380m; Germany \$330m; and Britain an apparently rounded down \$300m. The list was long, and developing world allies had clearly been given large discounts.

"There are a couple of other matters of serious concern to us. We are worried about the exploitation of Chinese writing. You are probably not familiar with the subject, but Japan has three alphabets in its written language - one of them, the most important, is ours."

Han explained that if it were not for exchanges in the 6th century, Japanese would still

only be a spoken language. "To think, for all these years, we have provided them with the most basic means of communication and have not been compensated in the least. The Japanese government is now in a position to pay for the privilege."

Part of the plan is to incorporate a small charge when Chinese characters are used for ornamental purposes. "I have seen westerners wearing T-shirts with a large ideogram for 'luck' or 'love' or 'fool'. Most of these garments are made with Chinese cotton, but the value-added, the intellectual property, is in our language."

At that moment, he lowered his voice. There was the very sensitive matter of gunpowder

A letter had already been sent to the Pentagon setting out the nature of the claim. It argued that all materials of an explosive nature are copies, in whole or in part, of 9th century Chinese firecrackers.

"It is a warning shot. We have not yet decided on a figure for damages." But Han, surely you are not going to win these cases? An enthusiastic man, he looked disappointed. But he regrouped.

"Our lawyers are as talented as any, and we have retained the services of two New York firms. We have studied the western techniques. We are particularly interested in the class action. Each of our cases would be in the names of 1.3bn people."

For an hour more, Han told of countless copyright violations: the deck shoe corrupting the intellectual integrity of the cotton slip-on; the electric guitar evolving in an unauthorised way from the exquisite *erhu*; the beifeng, but imminent, filing of the patent for pasta; and the computer's theft of logic from the abacus. "IBM will be hearing from us soon enough."

Arcadia

Everyday tale of Swahili folk

Pat Caplan's new book is based on the diary of a Tanzanian farmer over the past 30 years

In his poem "Elegy in a Country Churchyard", Gray muses upon the lives of the village folk buried in the graveyard and considers what they might have become in different circumstances. During the 30 years in which I have been carrying out anthropological research in a village on the coast of Tanzania, I have often had similar thoughts.

In the western world, diary and journal writing did not become commonplace until the 17th century, and then only among the literati. Keeping a diary, such as that of Samuel Pepys, implies a particular form of self-consciousness. Frequently such diaries are ostensibly written in secret, but their authors are aware that one day their words will be read by others.

On the coast of East Africa, there is a long literary tradition comprising both prose and poetry. Diary writing is not a part of it. Nonetheless, Mohammed, a Tanzanian farmer in his 60s with only a few years of education in a Koran school which taught him to read and write Arabic script (although not to understand

Arabic), has kept a diary at my request for varying periods during the past 30 years.

The original suggestion was simple: I had to leave the village for a month, so asked Mohammed to write down anything that happened during that period in a school exercise book bought from the village store.

On my return, I was astonished to find the book already filled, and when Mohammed and I sat down to type up its contents, the diary became even longer as he added further details. Mohammed became very keen on the diary, and started a new one each time I returned to the village. He did not keep one in my absence but he did write me letters.

The diary, which now occupies many pages of typescript, is an eclectic document reflecting Mohammed's interests. He writes about the daily life of the village: the seasons and weather and their effects on cultivation and fishing. The diary portrays a hard life: there are accounts of too much rain and too little, of years when the harvest was good, others when pests of one kind or



another - monkeys, insects, birds, wild pigs - devoured much of the crop.

Life is also hazardous. The sea and its many moods is frequently mentioned: a narrow escape from a shark, a capsized boat, a good catch, a difficult voyage to the mainland. Death occurs frequently, not only among the elderly but also among small children and women in childbirth.

Mohammed also writes of happy occasions, such as feasts for weddings and cir-

cumcisions, and gives detailed notes of what food was served. He describes annual festivals, such as the Swahili New Year or the end of the fasting month of Ramadhan, and notes which dances are performed to celebrate these events.

Much of the diary recounts village gossip, which Mohammed must have heard as he sat on the verandahs of the village shops or attended trance rituals where patients revealed their problems to healers.

In this part of Africa, as elsewhere on the continent, what Europeans have only recently begun to learn has long been recognised - that mind and body are intimately connected and unhappiness in relationships can lead to physical symptoms.

Illness is viewed as disease, not being comfortable with oneself or one's life. Thus illness not only demands the alleviation of symptoms but also a search for the cause, which a healer

may attribute to problems in relationships.

In rural Tanzania, as elsewhere, children are expected to listen to their parents and husbands and wives are supposed to love and support

each other - but the reality does not always match the ideal.

Mohammed describes in his diary how a quarrel between parent and child can lead the former to curse

the latter, with serious consequences for the child's wellbeing. A quarrel between husband and wife can lead to accusations and counteraccusations. Mohammed and his wife Myahadia both became ill when they separated in the 1970s.

Healing can only begin when the knots of jealousy, anger, envy, greed and other negative emotions start to be unravelled.

Mohammed's diary is an "everyday story of country-folk" who live in a village in Tanzania, rather than the Ambridge of the English Midlands. In many respects, their lives are very different: the Tanzanians are poorer, suffer from a much higher incidence of illness and have to cope with death more often.

In other respects, they would find much in common with the lives of the Archers, the rural family of British radio: marital quarrels, problems in making ends meet, children who don't behave as parents would wish, complaints about the weather, about rising prices and the vagaries of farming.

Those who live in obscurity in remote rural areas are rarely able to make their voices heard in the wider world. History and literature are written, for the most part, by the urban and educated classes.

Publishing a book based on Mohammed's diary and on conversations with him, his wife and one of his children, is an attempt not only to give them a chance to tell their own stories but also to let a western audience empathise with their lives.

□ Pat Caplan's book *African Voices, African Lives: Personal Narratives from a Swahili Village* is published by Routledge.

Metropolis

Don't put your foot in it

Why can't Parisian pooches do it in the road, asks David Owen

By the time you read this, given luck and a fair wind, I should have clocked up 14 months in Paris without treading in dog muck. I am not claiming any records just yet. Nevertheless, it is a feat which should not be underestimated - as many visitors to Europe's most beautiful capital city (apart from its pavements) could testify.

Keeping my footwear unsullied has required bursts of intense concentration over what is now a more than 400-day period, as I have picked my way, often at high speed, from home to office, office to meeting or meeting to Métro station. The trick is to focus on the small patch of territory immediately ahead of my size 11½ Sperry loafers or black Boston town shoes. Woe betide those distracted by, say, an unexpected glimpse of Sacré-Coeur.

At this point, articles on the subject often branch out into descriptions of the no doubt impressive battery of appliances the city of Paris has for dealing with this problem - which remains a scourge in spite of the \$Fr40m spent every year on cleaning it up.

I am more interested in what the existence of the

problem tells us about the city and its inhabitants, canine and otherwise.

The first conclusion is simply that there are a lot of them. Dogs, that is. About 200,000, according to city hall. It reckons this figure has stayed pretty constant throughout the current decade.

It seems clear, too, that most Paris dogs, at least in my part of town, are relatively small - poodle-sized and below, although my peregrinations suggest Siberian huskies are in vogue, and pet shops report that alsatians and labradors are also popular.

There would be more, but the concierge system in many buildings must help to keep the number of domestic burglaries in check and lower demand for out-and-out guard-dogs such as pitbulls and dobermanns.

But why the particular severity of Paris's pavement problem? Why, to misappropriate a line of John Lennon's, don't they do it in the road?

Some people I asked put it down to laziness. "It's disgusting, but that's the way it is," said one city hall official. "There is total complicity." Others simply attribute it to how food people are of their pets.

Another part of the explanation must be that the authorities have tended to adopt a lenient approach to pavement fouling. This is in spite of a passage in the city's sanitary regulations that is, all things considered, quite tough.

"Natural functions," the

Woe betide those distracted by, say, a glimpse of Sacré-Coeur

rules say, "can only be carried out at locations signposted and planned for this purpose or in the gutters of the public highway. If these rules are not respected, owners may be charged and are liable to a fine of FF3,000."

And yet, city hall says, there were only 374 police reports with fines for such misdemeanours in 1996. That is to say about one a day. A fine of FF3,000 is really the maximum for repeat offenders, says city hall. In most cases, police officers lecture dog owners. Only after several police reports or verbal warnings are people fined.

I have a feeling that part of the blame for Paris's pavement problem must be shouldered by the city motorists. I hold them responsible on two counts. First, parking techniques remain extraordinarily aggressive.

If a space is not quite big enough, many drivers feel entitled to tailor it to their requirements by shunting the vehicles on either side out of the way.

There is no guarantee, in other words, that petit Mido will be able to get to the gutter when nature calls. Second, some drivers career so fast up the city's backstreets that even I can understand why dog owners would think twice before shepherding their animals off the sanctuaries of the pavement.

Finally, in my neighbourhood at any rate, a high proportion of dog owners - or dog walkers - seem to be well-dressed, well-beeled women of a certain age. Call me prejudiced, but these are simply not the sort of people I can imagine standing dutifully by a smelly gutter while their pooch does its daily business.

Albert Camus's vieux Salamano may still ring true as a caricature of what francophone dog owners are like in

the provinces or, for all I know, Algiers. But I have not noticed him strolling in the streets of the capital's eighth arrondissement.

This brings me to another characteristic of Parisian dog lore that I was exposed to on one of my first visits to a restaurant after going to live full-time in the city. On glancing across to the next table at a not particularly upmarket pizzeria, I noticed one of the seats was occupied by a smug-looking chihuahua - by no means an uncommon occurrence.

At first I put it down to the bonds of affection that existed between pooch and owner. Now I am not so sure.

Central Paris is, after all, a place where people do things, more than in most, in order to be seen. Why would you go promenading with your little fluffball only to tuck it away beneath the table when you stop for a Kir at your favourite café?

"It's very chic to talk about dogs," as the city hall official told me. And even more chic to lunch with them.

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Litzbergerkeller am Attersee, 1915-1916



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Apartment city

'When the Wall came down in 1989, parts of east Berlin appeared to have seen no change since the 1930s.'



Cracking up

'To add insult to injury, underpinning can blight a house, even though it might be in better condition than others.'



Too much space?

'When Lloyd Webber bought that house about 12 years ago, it was the pinnacle in ownership. Now it appears cosy.'

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Page 6

Nice little city in the country

Anne Spackman seriously doubts whether the UK really needs to bury its green and pleasant land under more than 4m new homes

When people shut their eyes and think of England it is hard to imagine that their thoughts ever turn to Milton Keynes. The Buckinghamshire new town is a monument to soullessness. Adverts for the place feature rural properties which were sucked by chance inside its boundaries, rather than its signature modern town centre.

Yet the big idea now is that we build a few replicas. An influential group of academics and planners, grappling with the problem of where to build the next generation of UK homes, is proposing to clone Milton Keynes.

The argument runs like this. The UK needs more than 4m new homes over the next 20 years or so. Increasing the density of existing neighbourhoods is too difficult: finding enough suitable urban land is impossible; but many of the UK's green fields are "only growing crops of weeds" - as Sir Peter Hall, Professor of Planning at University College, London, and advocate-in-chief of the scheme, puts it. The only responsible choice, therefore, is to build a series of small new towns,

of around 25,000 souls, plus a few "social cities" of 200,000 or more, in the countryside of southern England. Wiltshire, Northamptonshire and Cambridgeshire are favoured locations.

The population is asked to accept that it is facing a housing crisis: it must bite the new-town bullet and get building. There is no responsible alternative to the philosophy laid out in the experts' report, *The People: Where Will They Go?* But where are the signs of

crisis? Not in Milton Keynes. Nor its neighbouring town Luton, one of the country's hotbeds of negative equity. There is no housing fever here. Couples in their 30s find themselves stranded in the starter homes they bought eight years ago. Few buyers are beating a path to their front doors. This is in spite of house prices which

are still well below 1989 levels even in actual terms, never mind in real terms. Evidence of a severe housing shortage is similarly lacking in the building industry. London is the only exception. Yet, according to the

experts, new households are not supposed to want to go to London - they want a place in the country. Note that word "households". The 4.4m figure which dominates the housing debate is a measure of

new households, rather than extra people. The UK population is only expected to rise by 2m over 20 years, more than half of which will result from people living longer. The rest is expected to come from immigration, much of which is currently European. Even compared with the UK's EU neighbours these

figures are relatively small; compared with countries in the developing world, they are puny. Pakistan's population of 123m in 1980 is expected to grow by nearly 40m this decade and to have almost doubled by 2020. The trouble in Britain is that the population is suffering from a Marlene Dietrich tendency: everyone wants to be alone. According to official figures published by the Department of the Environment, 3.5m of the proposed new households will each be

inhabited by just one person. Some would be young people leaving home; some would be widows and widowers. But a large number would be men aged between 30 and 65, either divorced, separated or never married. If this is true, it must be time to buy into the laundry business.

But can we take these figures seriously? They carry the impressive stamp of approval of Alan Holmans, fellow of Cambridge University's property research unit and a former government statistician. Yet they contradict some less academic gut instincts - the very recent trend towards the single life might not prove so long-lasting; the desire to remarry or cohabit might have been underestimated.

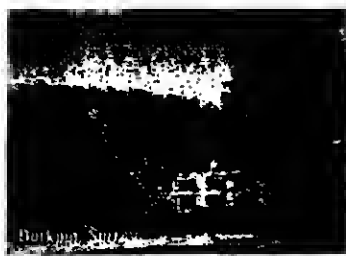
More important, will the so-called "need" necessarily translate into real demand? This surely depends on individuals' circumstances. It seems reasonable, for example, to assume that a young person unable to afford to leave the parental home would delay moving out. Not a perfect world perhaps, but certainly not a crisis.

And there is already some evidence that need does not automatically translate into

Continued on Page 3



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CHANGE DOWN ON THE FARM

Woodland and wetland look set to return

Sally Smith considers how agricultural 'set-side' policy is changing the landscape

The wheel has come full circle: a Kentish farm owner jailed for felling protected trees has had his former property bought by the Woodland Trust. Land which has been growing cereals and oilseeds will be planted with trees once more.

And in the Fen country, east of Ely in Cambridgeshire, almost 600 acres where carrots were cropped are being made into wetland and planted with reeds in the hope that the booming - but shy - bittern, a big water bird, will return.

On the downs above Dorchester, a machine which can plant 20,000 trees a day has been moving across an agricultural prairie, turning it into an English wood of ash, hazel, beech, open glades, bluebells, shrubs and coppice.

These schemes are all examples of the way in which wildlife is reclaiming the land from agricultural production. In each case a charity has bought the site and the purchases represent just a few of the thousands of acres that are being moved out of commercial farming each year into what might loosely be described as the environmental sector.

The land in Kent, for instance, is part of the Howe Court and Hneking Estate near Maidstone. Bought by Strawson Holdings, a substantial farming company from the East Midlands, the land has been divided and sold on and the Woodland Trust has acquired 570 acres. This is not, as one might suppose, all woodland; more than 400 acres is cropping land which qualifies for arable grants from the European Union.

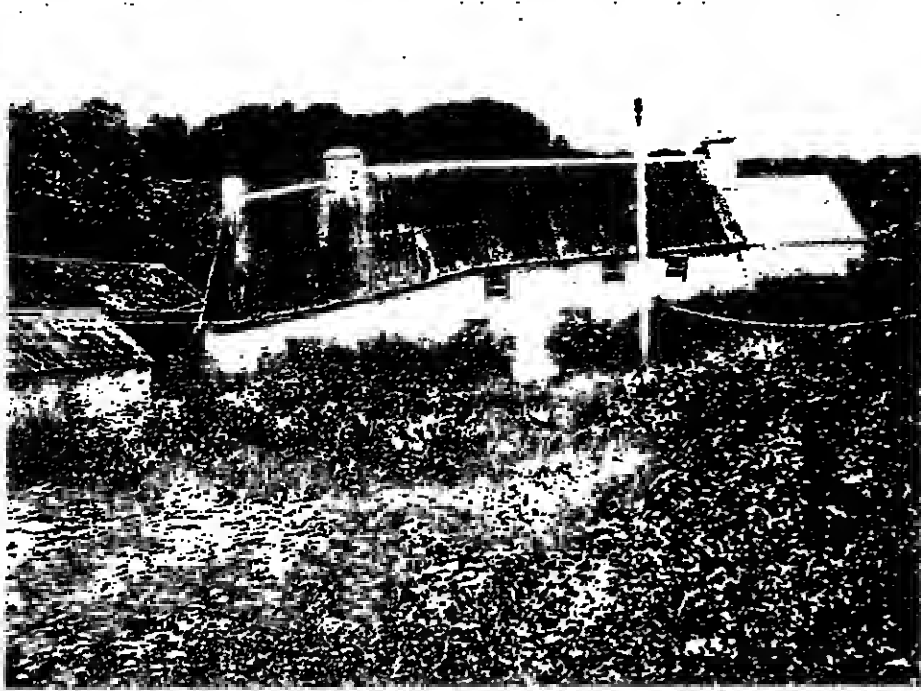
"That includes the best field on the entire place," says Nick Dawes, of Brown and Co, which has been acting for Strawson throughout. He cannot say what has been paid, but is happy with the result.

Similar land in the area is valued at £2,000 an acre. The purchase is part of the 38,000 acres which the trust has built up on 830 sites in the past 25 years. The purchasing programme has escalated and the trust is presently buying a wood a week.

The Kent land, the biggest single piece yet bought, has 165 acres of ancient woodland and this will be managed and re-coppiced. Trees will be planted on around 50 per cent of the arable land after consultation with the necessary authorities.

John Tucker, the trust's regional manager for the south east, says that maps from the turn of the century show what has been lost. Hedgerows will be reinstated and the rest of the arable land probably planted with native grass and seed mixes.

In the early days of "set-aside" - the scheme which pays farmers to keep their land out of cereals - forestry company John Clegg and Co was asked to find an arable prairie on which to plant trees. The commission came from Will Woodlands, a privately funded charity which exists to regenerate and create new woodland for the



Largely untouched by the 20th century: Abernethy Farm, near Llandello

enjoyment of the public. In what he describes as a "notably treeless corner of Dorset", Clegg found what was required - North Barn, a 1,058-acre arable farm with a working quarry. The first phase of tree planting was completed last winter and over the next two years 500 acres in all, worth conserva-

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At the same time the charity bought the 42,000-acre Glenfeshie Estate in the Cairngorms, where Cairngorms National Park is to be regenerated.

The north Kent marshland is another example of a habitat for birds being recreated - as is the purchase of a 1,535-acre arable and stock farm on the Solway Firth which, explains the society's land agent Ian Baker, has been "set-aside" to provide habitat for geese.

There is a war chest for such acquisitions, but he is quick to dispel any notion that unlimited funding is available. There are obligations under the charity rules to ensure that such bodies do not pay over the odds.

Baker says: "When suitable farmland comes up for sale there will be competition from farmers and, we have to be very well aware of prevailing values."

That, too, is very much the case with the National Trust, which owns and manages the largest farming estate in England, Wales and Northern Ireland: 345,500 acres out of a total landhold-

ing of 670,000 from which 11 tenants derive their main income.

The policy is to encourage responsible agriculture with a view to environmental protection.

Some ground more than 500 years old is being managed to maintain the land within the context of a viable farm business. But for example, the trust takes very seriously the need to maintain the traditional of family farming, particularly in the uplands.

Wherever possible the existing pattern of farms is retained, a feature which maintains the traditional of family farming, particularly in the uplands. The trust's last year Stuart and Parker let an arable farm with 474 acres overlooking the Yealm Estuary, near Plymouth, home to the last remaining...

Twenty tenants were removed from an 85-acre farm in Suffolk and Berkshire run away from six to 100 per farm. By 1990, Charles Hastings, son of William of Stuart and Parker, says the average of 45 an acre was very much in line with what for this kind of farm in the area. The tenant who will hold the tenancy for 10 years will be required to plant more spring cereals so that the boundary has a visible on which to overtake.

Last autumn another tenancy was sought for Aberdun Farm, near Llandello in west Wales, a property largely untouched by the 20th century.

A 1,000-acre traditional stock farm with a cruck-framed house, its interior is particularly special, being almost completely unaltered since the 18th century. The house, built by the 1st Marquis of Eglar, is now being restored and will be opened to the public.

Not all purchases are on a grandiose scale. All over the



Now owned by the Wildlife Trust: New Farm in the Gordale Valley, north of Bristol

country small groups and organisations are becoming landowners, frequently funded by lottery cash. Typical of this kind of purchase is New Farm in the Gordale Valley between the M5 motorway and the Severn, north of Bristol, which the Wildlife Trust now owns.

A mix of parts, plot in the valley bottom and steep slopes on the higher slopes, it could well have been improved by drainage and more aggressive practices, but the Hardwick family chose instead to manage the land without chemicals or fertilisers.

The trust says that the ancient rhymes which make an amazing richness of habitat, brilliant with rare plants and invertebrates, lapwing, junco, skylark and brown hare are on the list of species there as being in need of help to prevent further decline. Not surprisingly, when Miss Frede

Hardwick decided to sell last year the trust was keen to buy and, with Lottery funding of £215,000, David James and Partners struck a deal. "Perhaps the most heartening aspect is that this land will not be lost to farming," says James. "It will be for agriculture, because it is the agricultural system which has made it what it is. That is important. Such land needs conserving not preserving."

Subsidence

How to deal with that sinking feeling

Rosalind Russell discusses what to do if you fear that your house is in danger of collapse

Subsidence and Creep sounds like a Dickensian firm of cowboy surveyors. Add Rotate to form a trio and it begins to sound more like a horror film.

They are certainly the stuff of nightmares to UK home owners, tempering hopes for a lovely summer with worry that the house will collapse about their ears if there is no rain. Insurance companies are expecting a bumper crop of claims for subsidence this year, possibly equalling that of 1991, when it reached £540m.

Britain experienced the driest January in 200 years, according to the Meteorological Office and the weather since has been un-Britishly

balmy. A sprinkler ban is threatened in many parts, in spite of the heavy falls of the past few days.

Dried-up river beds and receding reservoirs make sensational photographs and stoke fears of cracking walls and frightening builders' bills.

"In fact," says Suzanne Moore of the British Association of Insurers, "often, when moisture returns a property readjusts. You might get a few cracks which are not serious. If we were to leap in and underpin the building and then the moisture returned, you could end up worse off."

"It is more likely the insurers will monitor the situation over a period of months to see whether it really is subsidence."

On the bright side, adds Moore, every time an old house is underpinned, it reduces the stock of properties which are vulnerable because there is a finite number. New houses tend to have deeper foundations.

Not much consolation for the Britton family of Ripon, North Yorkshire, in their seven-year-old detached house which is threatened with collapse. Their garden and garage disappeared earlier this year into a gaping hole and the Brittons have since spent £20,000 in legal fees taking action against their lenders, the previous owners and the estate agent/surveyor. Underground gypsum deposits in the area dissolve on contact with water.

Clay soil attracts most of the blame, with London and south-east England attracting higher insurance premiums as a result. Insurance companies base their premiums on the number of claims per post code.

But, says the Subsidence Claims Advisory Bureau, which specialises in offering cover to people whose houses have been underpinned, this is tarring many with the same brush.

According to its research, 79 per cent of cases, the culprits are trees. Leaking drains account for a further

small, but significant percentage. So if your neighbour's house is sinking, it will have caused their house to subsidise, you pay the penalty too.

Some houses, suggests the SCAB, are virtually uninsurable because they fall into a high risk post code. It would help, it suggests, if garden centres took more trouble to explain to customers which trees and shrubs should be planted well away from the house. It should not be

beyond the wit of insurance companies to sponsor a leaflet naming potential trouble makers - and suggesting alternatives - available at point of sale.

"When you go to view a house, the garden is almost the last thing you look at," says Chris Jordan of SCAB, whose premiums are set at 20 per cent above conventional rates in claims these drop over three years.

It charges £150 plus VAT to survey your cracks, which may or may not be serious. "You could," points out Jordan, "just have creep."

On most policies there is a big excess, usually around £1,000 or £1,500. But - ever soothing - Suzanne Moore takes an optimistic view. "If there is a very large tree nearby, a bit of pruning can help resolve the problem."

The huge numbers of claims should be taken in context too. In 1985 a hot summer £238m was paid out on 44,700 subsidence claims. In 1990 it was £311m paid out on 47,300 claims.

The recovery of the property market - and a subsequent increase in surveys - is bound to boost the numbers.

To add insult to injury, underpinning can blight a house as far as buyers are concerned. Even though it might be in better condition than one which has not been, illogical, but inescapable.



If the buyers do not take fright test, the valuation surveyor might err on the side of extreme caution keeps the surveyors' own professional insurance liability premiums down. Without a "good" survey, full insurance cover will not generally be offered and lenders will not stump up the mortgage.

It does not happen often, but the problem can recur, usually when there has been a partial underpinning and the building rotates. An alternative to conventional underpinning, suggests Jordan, is the hoopsafe, which works like a barrel being held together by the tension of the hoops. A thick steel rod is put round the house like a girdle.

"It is about half the cost of conventional underpinning, but is mainly used on the civil side, or local authority buildings."

Whatever way you look at it, it's underpinning, says Martin Verrell, head of Knight Frank's surveying department. "One question often asked is 'if the house didn't move in the hot summer of 1976, surely it'll get through anything?' But I think of it as a ratchet system. If the house clicks down a notch, it won't click back up, but it may click down a few more over the years."

The danger signs to look for, says Verrell, are:

- accelerating hairline cracks. Notify the insurance company at once so they can't say later you didn't tell them in time to take action to stop it getting worse;
- especially watch out for the snagging of wallpaper, or where skirting boards join one another. Particularly if you have decorated and filled in cracks but the filler has fallen out;
- a door which was previously freely openable seizes up - although it could be due to another reason. In winter central heating drives everything out;
- a window not opening, or a pane cracking for no apparent reason; the frame could be moving;
- a floor sinking inexplicably. Often the floor will give a clue before the walls;
- outside paths abutting the house cracking.

"If you are worried," suggests Verrell, "call in a friendly surveyor to check it out." Preferably not Heave, Subsidence and Creep.

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TIME TO GET BUILDING?



Continued from Page 1

demand. For example, the UK is building fewer homes in the social housing sector than it needs. We should be tripping over homeless families in every street.

But we are not, because they find a solution - adult children continue to live with their parents - or a solution is found for them - 40,000 homeless families are forced each year into hostels. This is unacceptable but it hardly amounts to a crisis requiring more than 1m new homes to be built.

There is a similar shortage of affordable homes for young workers in London - they have been priced out of the market by annual house price rises of around 20 per cent and rent increases of 10 per cent.

But we are not having to pick our way through hordes of homeless young workers either - their solution has been to share. Some builders, in turn, have responded by creating flats for this market. Rialto in the City of London and Galliard Homes at County Hall have an apartment type which includes one bedroom, but two bathrooms, to allow the living room to be used as a second bedroom.

It would seem to follow that if you do not build so many homes, you will not cause so many new households to be created. There are similarities with other debates: new roads produce more traffic, for example.

At its root, the question thus becomes: should we accept, without question, that it is reasonable for everyone to have their own household, regardless of their economic circumstances?

Numerous organisations question the need for 4.4m new homes. The county councils of Hampshire, Berkshire, Bedfordshire and Kent are sceptical, as is the Council for the Protection of Rural England. The concreting of our green fields, they point out, should only be a measure of last resort.

But let us assume for a moment that we do need 4.4m new homes. The debate then turns to whether they should - or must - be built on greenfield sites.

John Gummer, the former Secretary of State for the Environment, held a deep, personal conviction that the future for house-building lay in cities. He set a target last autumn for 60 per cent of all new housing to go on used land - the former offices, docks, hospitals and military bases known as brownfield sites. When the UK Round Table on Sustainable Development, which Gummer chaired, called for that figure to be upped to 75 per cent, he gave it his blessing.

A nice little city in the country

acres of former industrial sites were available for development. There would be plenty of brownfield land for all 4.4m homes.

The new-town lobby says people will not live on it, however. The land is in Liverpool, they say, when people want to live in Cheshire; it is in the East Thames Corridor when people want to live west of London.

But even this argument sits uneasily with events in the housing market over the past few years. The English have always been a nation of house buyers rather than flat buyers. They are known for a love of the porch and the garden gate. If you ask people where they prefer to

Imaginative urban schemes are weaning people off tradition

live, four out of five say a house rather than a flat.

Put that choice in context, however, and the results are very different. Would the young worker prefer a house 80 miles from the office, or a flat 10 minutes away? Would the widow prefer a cottage miles from the nearest shop and served by no public transport, or a ground-floor garden flat within an easy walk of the post office and doctor's surgery?

There is evidence in the past few years that the answer is the latter in each case. People are being weaned from their traditions by imaginative urban property developments, the irritation of traffic jams and costly rail travel. They are increasingly giving up their gardens for a river view and a terrace.

New tower blocks, a disaster for poor families with children, are selling and letting happily in the private sector to workers without children, the social group which is increasing most. Childless couples are also colonising the old warehouses and new apartment blocks of central and east London, enjoying a lifestyle readily accepted in Paris or New York.

In towns such as Winchester and Cheltenham, older couples are selling country houses and buying period conversions in the town centre. They want low maintenance homes, communal gardens and access to the town's facilities. The big retirement developers will rarely buy a site which is

not within walking distance of shops.

If the home and its immediate environment are good enough, people will not only buy that package - they will pay handsomely for it. Values of land in the former fringe industrial areas of London have risen by around £75 per square foot in the past 12 months. Developments such as Berkeley Homes' schemes near St Paul's cathedral are selling out before the scaffolding goes up.

London also gives the lie to the notion that it is too difficult to increase population densities in established neighbourhoods. Sir Peter Hall points out, quite rightly, that city folk will defend their green spaces just as vigorously as those who live in the country. But no one is proposing to put tower blocks in Hyde Park.

What "densification" actually involves is re-use of under-developed land wherever possible. There is a good example in my own road, where a dilapidated, fire-damaged house has been knocked down to make way for a McCarthy and Stone development of flats for elderly buyers.

Where new urban sites are being developed, the people who are filling them are exactly the small households whose growth is predicted to be so strong. It would be very difficult to argue that you could house 3m families with children on brownfield sites. Luckily, they are not the problem.

A village which allowed low levels of in-fill is now thriving

One of the house-builders most heavily committed to brownfield development in south-east England is Barratt. Its latest London scheme is an uncompromisingly modern development at Pierhead in Docklands.

The new-town lobby insists the current rate of brownfield development will absorb the vast majority of available sites within a few years. Sir Peter Hall says we will be lucky if we get halfway to the UK Round Table target of 75 per cent.

But that target was not built on wishful thinking. The Round Table was heavily influenced by research from Llewellyn Davies, environmental consultants, who found that

councils seriously underestimate the brownfield acreage available.

Others point out that ugly sites can be transformed. Victoria Mitchell, the dynamic head of Savills' London agency, says an injection of strong urban planning, coupled with imagination could produce the kinds of urban villages everyone wants - and make money for the companies which own the land.

"Why do people prefer Berkshire to the East Thames corridor?" she asks. "Because it has hills and trees and attractive homes. So invest in mounding. Plant trees. Put in a good infrastructure. There needs to be a strong masterplan with a model, so that housebuilders can bid for specific plots, knowing the architectural constraints which apply. This is what has been done with the business centre in Beirut."

Even if the UK really needs 4.4m new homes and even if it can build all of them on brownfield sites, there is bound to be a need for some housing on sites in the countryside of southern England. Some of it is earmarked for the fields around Reading in Berkshire.

Can it be accommodated? Colin Brooks, managing director of Bewley Homes, lives in a Berkshire village which has scorned all forms of in-fill development. But he says his village no longer has a shop or any other facilities and is a village in name only, whereas a neighbouring village which allowed low levels of in-fill is a thriving community.

Ten houses every few years, built in sympathetic architecture, he argues, would bring in enough customers to sustain a shop and pub without overwhelming the village. He promises he has no business interest in developing his own backyard.

Such a reasonable suggestion currently founders on the rock of local objection. Many parish councillors believe their overwhelming duty is to see off predatory builders. This is entirely understandable.

But if the planning process could work from the parish level up, as well as from the structure plan down, local people might feel a sense of control over new house-building, rather than the current sense of threat.

If there is a real crisis in UK housing, it lies not in a drastic shortage of homes, but in the social sector. The last 10 years has seen a polarisation between rich and poor areas, something the Labour party is fully aware of. But the creation of such ghettos is one the main factors driving people out of cities. The solution can only be to improve the mix by putting social housing in the suburbs and the country.

While it had an election to win, Labour was not about to raise the spectre of new council houses in the leafy shires. We now await its governmental view.

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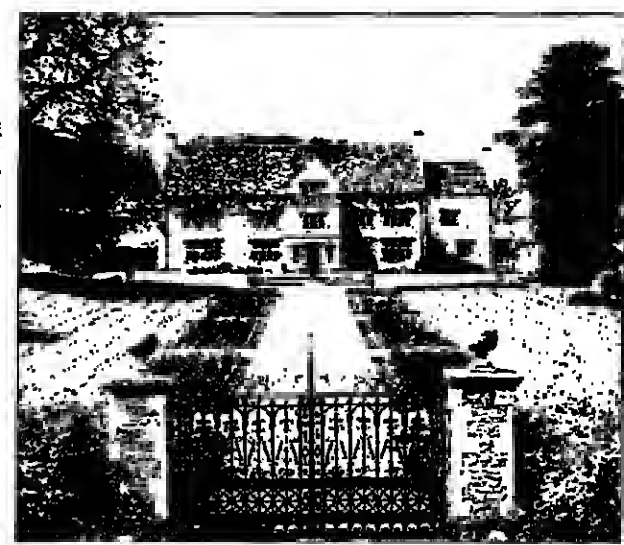
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APARTMENT CITY



Berlin rents in the east have been raised - in some cases eightfold - although they are still subject to controls, as they are in the west

Gentry moves in to the old rebel haunts

Flats once unfit for habitation now command high prices. Frederick Stüdemann reports

Berlin is an apartment city. Whether parked into modern housing developments or *Alte Mietskasernen* tenement blocks, the majority of Berlin's population of almost 4m live in flats. The city is also predominantly one of tenants as more than 80 per cent of rent accommodation. They have become an integral part of Berlin culture.

Earlier this century Heinrich Zille, the artist, made a good living chronicling the lives of those who lived in the backyards, the *Hinterhof*, of the huge *Mietskasernen* - rental barracks - which sprang up across the city after Germany's first unification in 1871.

The *Mietskasernen* and the *Hinterhof* were a neat microcosm of Berlin society. The grander flats in the front of the building had high ceilings, stucco and parquet floors and were

market has undergone fundamental changes. Rents in the east have been raised in some cases eightfold - although they are still subject to controls, as they are in the west. Hundreds of millions of D-Marks have been poured in to the east for renovation or new housing construction. A three-room flat in Prenzlauer Berg can now cost DM1,500 a month, almost the same as the equivalent in the western part of the city.

In the west there has been a leap in rents in anticipation of the arrival of the federal government, which is scheduled to move from Bonn to Berlin in 1999. At the same time, however, certain districts in the west have lost their glamour as the centre of the city has shifted eastwards.

Kreuzberg, once the centre of the city's counter cultural scene, has, for instance, been usurped by Prenzlauer Berg. Mitte - as the name suggests it is in the centre of the city - boasts most of the Berlin's early 19th century housing stock and has become more chic than Charlottenburg.

New office development has also affected the housing market. The reason is that in their wisdom the city planning authorities made developers include a slice of residential property into any new developments. The motive behind this was certainly admirable. Rather than turning whole districts

When the Wall came down parts of east Berlin appeared to have seen no change since the 1930s

home to professionals or high-ranking civil servants.

Those of a lesser social station could be found in one of the side wings overlooking the first courtyard, in which typically stood a plane tree, while the working folk lived in one of the back courtyards - some *Mietskasernen* had as many as seven or eight yards - where sunlight was unknown and interior fittings were sparse.

Today, those *Mietskasernen* which survived wartime bombing and peacetime planning have been revived. The divisions between the front and the back of the buildings have been eroded. The side wings and backyard buildings have been spruced up with luxuries such as inside lavatories.

As elsewhere in Germany the phrase "modernised old buildings", for which read a gentrified *Mietskasernen*, carries great weight and a commensurate price, with tenants prepared to pay extra for high ceilings and good floors. Best of all are those old buildings which come with a lift, though these tend only to be found in the more affluent western districts, such as Charlottenburg and Wilmsdorf.

In west Berlin this renaissance can be dated back to the 1960s when sprawling run-down flats were taken over by students and self-declared members of the counter-culture. Later, they were squatters in districts such as Schöneberg and Kreuzberg.

As studies or rebellion came to an end, the urge to gentry set in. Today, flats once deemed as unfit for habitation now command rents of several thousand D-Marks per month.

In east Berlin, the *Mietskasernen* were popular in dissident and Bohemian circles, although Communist housing policies made them suffer for their convictions as older properties were starved of investment in favour of new housing estates.

The result was that when the Wall came down in 1989, parts of east Berlin appeared to have seen absolutely no change since the 1930s. Lavatories were still out on the landing; heating was still by coal-fired oven. A consolation was that rents were also frozen at pre-second world war levels, with tenants paying DM1 per square metre per month.

Since 1989 the housing

planners' wishes. In most of the new developments now nearing completion in Berlin's historic centre in the eastern part of town, the mandatory residential component, which can be as high as 30 per cent, has been banished to the tops of buildings. The prices are also sky-high.

An example is the Linden-corso project on the corner of Friedrichstrasse and Unter den Linden, Berlin's showcase boulevard linking the Brandenburg Gate in the west and the site of the former royal palace in the east. The seventh floor flats have some of the best views in Berlin.

But at DM45 per square metre per month they are also among the most expensive in the city. (By comparison an average rent in a comfortable area of west Berlin is between DM15 and DM20 for a newly signed contract - those tenants with old contracts can pay considerably less.)

For such prices it might be better to head for suburban greenery. The most desirable area is Grunewald, in the south-west, where lakeside villas can be bought for DM20m.

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INVESTMENT

Big returns without bricks and mortar

Anne Spackman looks at ways of investing in the property market

When Tony Blair put his house in Islington, north London on the market for £615,000, having paid just £350,000 for it five years ago, many home owners must have turned green with envy. The property market, particularly in London, can offer such huge returns. But so often it seems to be a matter of luck as to whether you catch the market at the right time.

Many people would like a slice of that investment potential. The problem is, how to get it without constantly moving house?

The past year has seen a wave of small investors going it alone. They normally buy a small house or flat in the area where they live and rent it out. But the risk of having all your money in one property, coupled with the costs of letting and managing it, are big disincentives. What many investors might prefer is some form of residential property investment fund.

In the US, this opportunity exists in the form of REITs - Real Estate Investment Trusts. The trust can spread its investments across the commercial, retail and residential sectors. Individual investors can buy into a general or a specialised REIT and trade their shares in as in any other listed company.

The trusts are "tax transparent", so that investors only pay tax on the income they make from their investment. Buying into a REIT is a good way for people to have a stake in the property market without necessarily being an owner occupier.

The main financial institutions in the UK are investigating the possibility of such trusts starting here. But they would be limited in the first instance to the commercial and retail property sectors. Without the involvement of the institutions in these sectors, with their substantial warehouses, it would be very difficult for any residential funds to get off the ground.

The reason for leaving out the residential market in the



UK is a historic one. Residential property was a popular sector for investors until the second half of this century. Companies such as Sun Alliance and the Prudential had substantial holdings in the private rented sector. But they had their fingers burned. Successive rent acts brought in ever heavier rent controls and stronger security of tenure for tenants. Management costs rose, while returns fell.

Since the end of the last decade, the market has been almost completely deregulated. But the institutions have long memories. Their property investment staffs have grown familiar with the commercial and retail

sectors. Though they can see that the residential market has produced far better returns in the past couple of years, they are nervous of getting back in.

There are plenty of people trying to tempt them. Leading estate agents in firms such as Savills and Hamptons have spent long hours trying to convince UK institutions that residential property is an investment sector they cannot afford to ignore.

Victoria Mitchell of Savills points out that the combination of price increases and rental yields produces average compound returns in the residential sector of around 12 per cent. In a bullish year, such as this one, the returns

are likely to be twice that.

The agents point out that overseas banks, such as ING Barings, are already investing in homes in popular commuter towns around the M25. Similarly, they have had no trouble convincing south-east Asian companies to invest in UK property.

Robin Paterson and Chris Palmer of Hamptons have just set up a three-year investment scheme with 10 Hong Kong clients with a total of around £40m to spend in the London new-build market. They plan to put down deposits on high numbers of flats at around the planning stage, then trade them on in the UK or Asia before completion. They are focusing on areas of central, south and west London, but keeping clear of Docklands. "This is a high risk venture," says Robin Paterson.

UK institutions, however, remain unconvinced. They are worried about the costs of managing thousands of flats, rather than single large office buildings or retail parks.

The only way they will be persuaded to invest is via a third party. The vehicle created by the last government to encourage them was the Housing Investment Trust. None has got off the ground yet. The main problem facing those trying to establish a trust is finding enough suitable property to buy to build a large enough portfolio. Savills says it has overcome this and plans to launch the first HIT very shortly.

For the small investor this will be an opportunity to put money into a residential fund on a similar basis to an American REIT. However, it will not give access to the sort of returns enjoyed by the Blairs. The highest price a trust is allowed to pay for any individual property is £125,000 in London and £85,000 outside London.

Victoria Mitchell would like to see those limits raised to £250,000 and £125,000. That way, investors would have access to the upper reaches of the market, which have seen the highest price increases in recent years.

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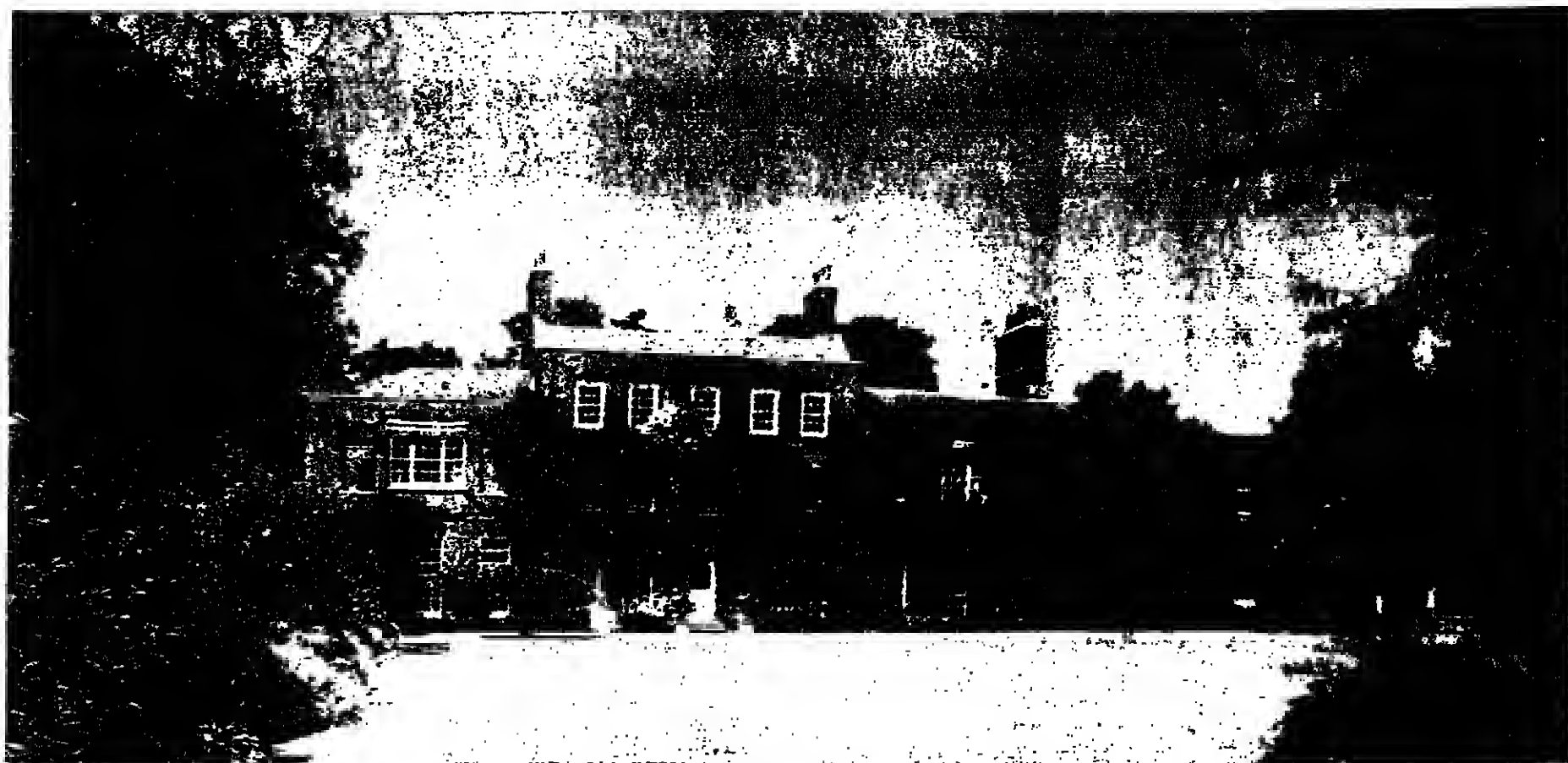
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BAGS OF ROOM



Aubrey House: 'It is the English who love a house like this, but the English are not in the market at the asking price.'

When is a mansion too big?

Is there a cut-off point for the desirable size of a grand house, asks Anne Spackman

Wittanurst in Highgate is one of London's few mansions. With 30,000 sq ft of living space - equivalent of 20 three-bedroom semis - it is believed to be the second largest private house in London after Buckingham Palace.

Space is usually a great asset in a house. But is it possible to have too much? In the country, an additional floor of servants' quarters lowers the value of a grand house. Does London have the same sort of cut-off point?

Every year, two or three vast houses change hands in London for prices upwards of £10m. So far this year there has been one. Hugh House, a Belgravia mansion on the corner of Eaton Square, was sold recently for about £17m.



Lord Lloyd-Webber: selling his six-storey house because he wants to live on one level

There are plenty of competitors for this year's second and third sale slots. Elgin House in Mayfair is a curious hybrid building, part office, part apartments. It is being offered by De Groot

Collis as a potential single family house of 16,000 sq ft at a price of £2m. Number 29 Chesham Place, the house on the corner of Chelsfield's Belgravia development of apartments,

is a similarly huge building. It has more than 20 rooms, with the potential for a gym and pool complex. The price is £10m. Both these properties pose London's traditional prob-

lem of offering vertical rather than horizontal space. Paul Taylor of Hampton, who sees horizontal space as the defining quality of large houses that work successfully, "I think 25,000 sq ft of living accommodation over more than five floors is virtually unworkable as a single unit," he says.

Lord Lloyd-Webber, the composer, will hope he is wrong - although he may agree with the sentiment. He is selling his six-storey house in Eaton Square because he wants to live primarily on one floor. His property includes the main house and two mews houses connected by a double height conservatory, making more than 11,500 sq ft in total. Savills is asking £12.5m.

Richard Crosthwaite of Knight Frank has sold some of London's largest houses, including the £22m Old Rectory in Church Street to 1995. He says perceptions of what constitutes a large house have altered in the past decade. "I remember when Andrew Lloyd Webber bought that house about 12 years ago," he says. "It was seen as the pinnacle in property ownership. You could have named the people who could afford such a house on the fingers of one hand."

"Now you compare it with some of the houses being sold today, and it appears quite cosy. At the moment big is beautiful."

He believes there is almost no limit to the size of property people will buy because of their desire to house large numbers of staff. "People are going back to the way of life of 150 years ago," he says.

In his mind the crucial feature of any London mansion is the grandeur of its reception rooms. He believes a couple of stunning rooms for entertaining are far more relevant than the precise number of bedrooms. "If you can provide the 'knock 'em dead' factor, the battle is nearly won."

One property which Knight Frank has had on its books for a year is Aubrey House in Kensington. It was priced at £25m - the same price asked for the Old Rectory in Chelsea. Like the Old Rectory, it has gardens of two acres in the heart of London. Unlike the Old Rectory, it is a classic English country house rather than a state-of-the-art contemporary home.

Willie Gething, of the buying agency Property Vision, believes Aubrey House has failed to sell because of a mismatch between buyers who want it and those who can afford it. "Think of the people around the world who have £25m to spend on a house in London," he says. "Their expectation is perfection. They don't consider

perfection to be a timepiece of a Georgian country house that may well already own one of those. It is the English who love a house like this, but the English are not in the market at the asking price."

The London notion of what constitutes a grand house has shrunk over the century. From the vast 10,000 sq ft homes of the 18th century, the average moved down to Belgrave Square, then Eaton Square and are now more likely to be found in homes of 6,000 sq ft in Chelsea Square. Lord Lloyd-Webber is a rare exception.

There are a few Europeans and Americans in the mansion market. Jonathan Hewitt of Savills recently had an American customer fly in to view a Knightsbridge house of around 10,000 sq ft. There may also be American interest in the £15m mansion being developed at 1 Cambridge Gate in Regent's Park. The 40-roomed terrace, being sold by De Groot Collis, includes a ballroom with a swimming pool beneath the dance floor.

Hewitt says the market at that level is limited by price rather than size. "There is a requirement, however crazy it sounds, for huge amounts of personal space," he says. "That doesn't necessarily mean 15 bedrooms, but it

'Big is beautiful - people are going back to the way of life of 150 years ago'

may mean six very large bedroom suites and a full indoor pool complex."

When estate agents take on a house of this size they draw up a list of potential buyers. Savills has just done this for a £15m house in St John's Wood. The list runs to 70 names, including lawyers and other representatives of the very rich.

In that part of London, as in Hampstead and Highgate, most of those on the list come from the Middle East or India. Even the most highly paid American bankers in London are working on maximum budgets of £5m to buy, or up to £10m a week to rent - which they generally prefer.

Wittanurst, the massive Highgate house, with its eight acres of grounds, is currently owned by a Syrian family. If it remains a family house, its new owners are almost certain to come from the same region. "We are aiming at one of a handful of families," says Noel de Keyser of Savills.

This is the time of year when those families are in London. Either a buyer will show an interest this summer or it will be a long wait for the next season. The normal selling period for such big houses is 12 months. "It's like fishing for salmon," says Richard Crosthwaite of Knight Frank. "Sometimes they swim into the pool and you catch them; sometimes you cast a rod and there's nothing there."

Archaeology

Look below the surface

Gerald Cadogan on the rules for developing a historical site

Never forget to check the archaeological importance of a development site is the message from developers and archaeological consultants. Skip on it and you could find yourself facing bills for thousands of pounds and enough planning restrictions to make you wonder if it's worth doing the development at all.

"Before we commit ourselves to a site," says Ian Randall, area director of Laing Homes, "we always do a desk-top study so we are aware of its archaeological potential."

It costs about £1,200, Randall says, which he sees as well worthwhile to identify possible constraints. Laing often finds nothing, because four out of five of its sites are brownfield, redundant commercial and industrial property.

If it looks as if there may be something, then an archaeological survey will sample the site by digging trial trenches and, depending on the results, that may trigger a full dig. This is what happened with Laing's Manor Fields development at Wallington in Surrey, which sits on the site of a medieval house.

The key document governing archaeological work is the Department of the Environment's *Policy Planning and Planning Guidance Note on Archaeology and Planning*, known as PPG16, issued in 1990. This instructs planners, with the advice of English Heritage and local authority archaeological officers, to ensure remains are investigated before granting planning permission.

PPG16 favours preservation of remains *in situ* when possible, giving future generations the chance to study them. If that is not possible, then they should be dug - a scientific process which destroys the evidence it studies - and recorded.

The planners prepare a project brief stipulating what needs to be done, while the developer should retain a consultant - and pay for the work. Laing's consultant is Duncan Hawkins of consultancy C&MS, who is helping with a site on Balham Hill, London SW12, close to the projected line of a Roman road.

At any site his first task is to prepare the desk-top study, which involves searching through local and national sites and monuments records, and library research. Martin Biddle, of consultants Biddle & Biddle and Astor Senior Research Fellow at Hertford College, Oxford, says it needs a professional to evaluate the data.

Early and informal negotiations with the planners, before the project brief is drawn up, are essential for success. At Wallington, the vendor was Sutton Council. Laing agreed to fund the second (trials) stage - this costs £3,000-£4,000, says Randall - and Sutton agreed to pay for the bulk of the costs of a full dig, if

it was needed. The consultant arranged tenders for the trials and Laing appointed the Museum of London Archaeology for the full dig.

When Mr. AS found a medieval farm a few inches below the surface, the question was whether to do a full dig or preserve the site in situ. Sutton's archaeological adviser, Ken Whitmore of B&B, and Laing's Hawk agreed the remains were too fragile to preserve, and Mr. AS did a six-week dig before building began.

Laing is glad to have played its part in the work, says Randall, and "is confident about dealing with such situations."

The dig uncovered a long history of the site's use, from first millennium BC pottery and flint, through Roman times, to the 19th century farm. One spectacular find was a late Roman or early Saxon (6th-7th century) bull buckle, with two dolphins on its base. "It was most rare in London," says site archaeologist Jill King of M&AS.

Martin Biddle says the PPG16 procedures can be very successful. At Peninsula Barracks in Winchester he is consultant for Try

'Here was a copybook example of how the system can work'

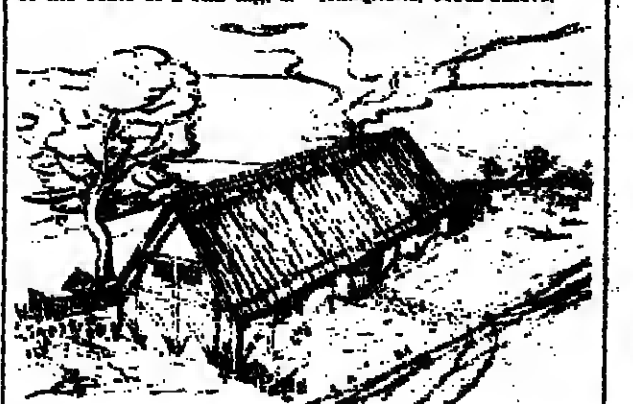
Homes' conversion of the old headquarters of the Green Jackets. "Here was a copybook example of how the system can work," he says.

The Barracks are on the site of Winchester's medieval castle and incorporate part of a palace to rival Versailles that Wren started building for Charles II in 1681, until James II stopped the work in 1685. Half the site was already a scheduled ancient monument, needing special consent for development.

"It was on the list that PPG16 ruled," says Biddle. "We found two round towers of Henry III's castle," but there was no point preserving them for view as their hard ashlar casing had been taken off for building material, and only the core of chalk, flint and mortar was left. As the remains could not be displayed, they were "covered meticulously," says Biddle, with a geotextile membrane.

The construction piles were re-sited so they would not damage the ancient buildings. There is now concrete on top, but it would be easy to strip it off one day and re-study the dig.

Typical costs start at £12,000, suggests Laing's Randall, for the full digging stage of an investigation. But Biddle warns they may go up as high as £100,000. ■ Peninsula Barracks: Hampton, 01962-542175.



A sketch of what once stood on the Manor Fields site



Working at the Manor Fields site in Surrey



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Worldwide Residential Property Supplement

Saturday, September 20

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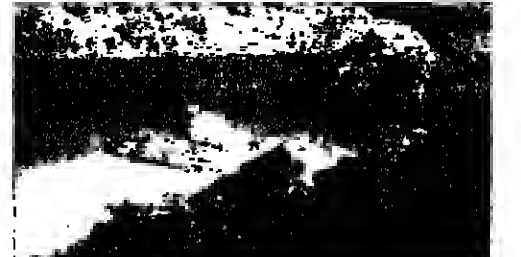


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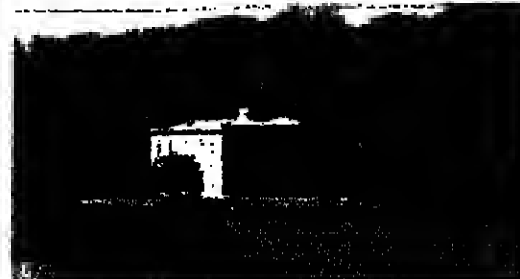
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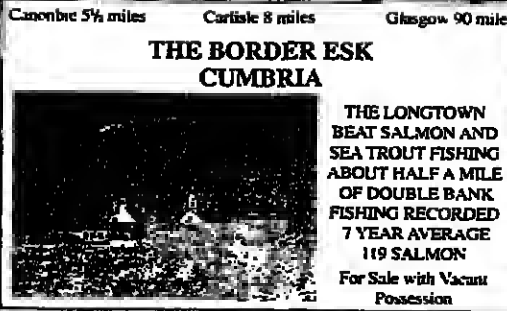
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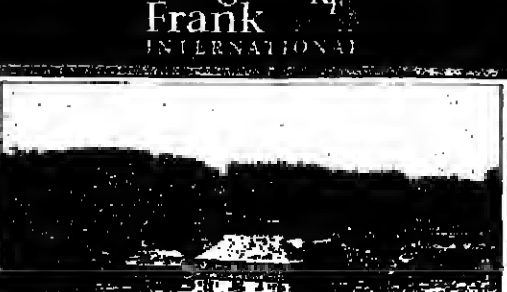
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Boom time for the New Town

On the quality home front, Gerald Cadogan discovers that they tend to do things differently in and 'outwith' Scotland's capital

The market in top quality houses in Edinburgh is "going silly", according to one commentator. Prices have risen around 15 per cent, and in places 20 per cent, over the last 12 months.

This easily outpaces the general rise in Scotland of 5.4 per cent in the year to March, as reported by the Scottish Housing Index, produced by the Royal Bank of Scotland and Scottish Homes, and the 3.1 per cent average rise in Edinburgh to the period.

As happened in London a few months ago, a shortage of good houses has forced prices up but, by September, Simon Riddle of agent Riddle & Co which specialises in Edinburgh's handsome Georgian New Town, expects more property to come to market and stability to return. But for now, it is easy to sell a Georgian house in Ann Street in the New Town in five days, and similarly a farmhouse 11 miles "outwith" the city that sold for a 15 per cent premium above the base price of £295,000.

If few people were buying property last year, says Mark Atkinson, of solicitors Brodie's, it is the fashion this year. A house in Murrayfield, near the home of Scottish rugby, that would have been put on the market in 1996 with a base price of £250,000, and gone for £270,000, could now be set at £260,000.

Buying property in Scotland is not like the rest of the UK. In Scotland the vendor's agent or solicitor asks for "offers over £X", stating a base price and, in due course, a closing date. Solicitors (and not the potential buyers) then make the bids, and the winning bid becomes part of the exchange of contracts,



Above and below: 45 Heriot Row - a whole house with one of Edinburgh's best addresses, for offers over £550,000



known as conclusion of misgives. It is not usual to make a bid subject to contract and survey, since the bidder is expected to have done a survey, carried out the searches, and arranged financing before bidding.

The vendor's solicitor accepts one of the offers, probably rejecting any that is subject to financing - and sends a missive to say so. That creates the contract. Thereafter it is breach of contract for the vendor to

accept more from somebody else (gazumping).

In Edinburgh it is mainly solicitors who sell residential properties (as well as conveying them), leaving only the top of the market to estate agents. The solicitors post details of what is for sale at the Edinburgh Solicitors Property Centre at 85 George Street in the New Town, and give fixed times for visiting - an old-fashioned way that suits the vendors, and ensures that they present the house at its best.

Last year, 14,500 property sales passed through the ESPC with a value of just under £1bn. It does not allow agents in, nor may joint selling with agents be advertised in the ESPC, but, says George Clark, ESPC chairman: "In 22 years, I have never seen such a joint agency in Edinburgh" (although it occurs occasionally elsewhere in Scotland). The Monopolies and Mergers Commission has prepared a report on the ESPC.

Vendors know that buyers are serious if they get as far as making an offer since, if they miss the property, they still have to pay for the survey, and probably some legal costs. The system works most of the time but, says Colin Strang Steel of Knight Frank, "it is not quite so foolproof as people often think". Buyers sometimes renege. KF insists that they pay a deposit. But the Edinburgh solicitors, judging the missives strong enough to ensure settlement (completion), resist this practice.

Planning controls are tight in the New Town which, with the Old Town on the other side of Princes Street Gardens, was declared a World Heritage site 18 months ago. With their flagstone floors in halls lit by oval lanterns in the roof, handsome chimneys, and curve-ended rooms



Drylaw House: a Queen Anne gem just two miles from the centre of Edinburgh

enhanced by mahogany doors cut to follow the curve, New Town houses are as smart as any European capital's best, and reflect the glorious 18th century when Edinburgh was a centre of the Enlightenment. Despite the recent price rises, they remain excellent value compared to similar houses in London or Bath. Riddle has just brought to market 45 Heriot Row, a whole house with one of Edinburgh's best addresses, for offers over £550,000.

Many houses in the New Town became offices but are returning to residential use. The planners prefer that they revert to being whole houses, but many are becoming flats. An attractive scheme is 6 Glenfinlas

Street, a quiet no-through route just off Charlotte Square, which architects Lorn Macneil is making into five flats for developer Playfair. Three are left, with base prices for offers of £139,000 to £175,000 through DTZ Debenham Thorpe.

Other developers are AMA and Walker Group, says John Brown of DTZ. With many firms eager to move into this market, the prices for shell buildings have gone up 40 per cent in the past year. That makes it harder for the developers to turn a profit. To ensure that developers are not cutting corners, people should ask what other work they have done, Brown advises.

In other good parts of Edinburgh, solicitors Simp-

son & Marwick offer two ground-floor flats in solid semi-detached Victorian villas, one on Fountainhall Road in the Grange area for offers over £108,000, and one in Morningside on Braid Avenue for over £180,000. In Murrayfield, Riddle is selling a Victorian terrace house with five bedrooms for over £260,000.

An alternative is to look in Leith, Edinburgh's port, where the city's first flats scheme in Maritime Street is getting under way. The developer is Leith Lofts, and the agent DTZ.

Outwith the city, Savills offers Seton Mains House near Longniddry (15 miles east) for over £265,000, and KP the Old Manse at Borthwick (14 miles south) for

over £350,000. Architecturally, the most exciting house is just two miles from the centre, a Queen Anne gem (making it older than the New Town) called Drylaw House with two acres, where building began on April 10 1718. But, as the base price of £425,000 from Riddle reflects, there is a housing estate on the land that went with the house. The domain used to include Craigleith quarry, which provided the stone for much of the New Town.

■ **Contacts:** Edinburgh (0131): DTZ Debenham Thorpe, 455 2222; ESPC, 226 5891; Knight Frank, 225 8171; Riddle, 220 4160; Savills, 226 6961; Simpson & Marwick, 557 1545.

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AROUND THE WORLD

Travel the world and meet interesting people," the recruiting posters for the army used to promise. Today, the same advert could be used for bankers - if they ever needed to advertise for staff.

What was a steady nine-to-five job in one office for life is now a 12-hour working day in a different city every few years. Bankers' wives now find themselves, like army wives, having to up-sticks at short notice and head off for one of the world's financial centres.

Instead of Cyprus, Belize and Germany's Rhineland, bankers are more likely to find themselves in London, Hong Kong or New York. Newer, more adventurous destinations include Bombay, Moscow and Johannesburg.

What is it like to live in these places? Knight Frank, the international estate agency, has asked its offices around the world to describe the likely lifestyle of a 35-year-old banker or stockbroker living in their city. They have looked at the costs of buying and renting, of socialising in sports clubs and restaurants and the journey time to work.

In addition, we have asked the wives of two successful bankers about the pros and cons of the cities in which they have lived. London comes out well on both counts.

Knight Frank has assumed its banker - whether male or female - lives in a two or three-bedroom apartment in a smart central neighbourhood. The one exception to that is Johannesburg, where a banker would live in a four-bedroom house with a swimming pool in a secure compound.

Most bankers now prefer to rent, rather than buy, in the cities where they work. The majority need to know they are staying somewhere for five years or more before they would choose to buy. They are likely to stay in the property market in their home country, either renting out their original houses or buying a holiday home.

The most expensive place for a banker to move to is Bombay, where rents are likely to cost more than four per cent of annual salary. Hong Kong is now consid-

San Francisco

- High standard of living
- Lower on career scale

New York

- Moderate living costs
- Less freedom for children
- Wonderful places to visit

London

- Moderate living costs
- Wide choice of accommodation
- Cosmopolitan lifestyle

Paris

- Long commuting

Johannesburg

- Secure compounds

Bombay

- Most expensive to rent
- Expat network growing fast
- Terrible rush-hour traffic
- Exotic places to visit

Hong Kong

- Most expensive to buy
- Good clubs and social life

A look at life in the banker-belt

If you are posted to one of the world's financial centres, what will you find there? Anne Spackman compares them

ered the most expensive city in which to buy a property, followed by Singapore, Tokyo and Bombay. In reality, almost any banker would rent in those cities.

The highest standard of living can be bought in cities such as San Francisco, Milan, Madrid and Sydney. Unfortunately they do not score as highly in career terms.

Of the places which rank highest on the curriculum vitae, but come with moderate living costs, London and New York are the winners. Following price rises of between 20 and 25 per cent in prime property over the past 12 months, London is only marginally the cheaper. Knight Frank predicts a further 10 per cent rise over the next year for London, compared with five per cent for

New York. If this happens, prices in the centres of the two cities will be similar.

Lorna Vestey of Knight Frank says the banker who has been an owner occupier working in London has had a bumper year. "Both in terms of salary and the increase in the value of his property, he has come out tops," she says.

London is also one of the few cities which offers houses as well as flats in neighbourhoods close to the office. To get the same choice in Paris means a much longer commute.

Jeremy Rothschild is a banker currently working for ING Barings and has lived in London, Hong Kong and Bombay. His wife Ann describes their life in the three cities:

"In Hong Kong we were

given a very generous budget and had a choice of living in a house either on the Peak or on the south side of the island. We went for the south side because it offered more space and the weather

'The downside was that the children got sick quite a lot'

was much brighter.

"We had a four-storey house in a development of 25 houses around a swimming pool with a gym underneath. It was a wonderful place. We joined a number of clubs,

such as the American Club and the Hong Kong Club. There was plenty of tennis and swimming and a great social life."

"People in Hong Kong work hard and play hard. You are surrounded by people who want to have a good time. We loved it there and would happily go back any day."

"We've been in Bombay for four months. The expat network is not as big as in Hong Kong, but it's growing fast. Many of the expats there are younger, perhaps because it's a more adventurous destination. There are two main options over where to live - Malabar Hill, which is more expensive, or Colaba near the Taj Mahal Hotel."

"We haven't decided where to live yet, but the journey

time to work will be a key factor. In the rush hours the traffic is terrible."

"There is lots of culture and colour in Bombay and we have already made many Indian friends. One great advantage of living in India is that you can go away for some very exotic weekends."

"The monsoon season is just starting, which may make life more complicated in terms of mosquitoes and sickness. The heat is OK after Hong Kong and it's a lot cooler than Delhi."

"I am very fond of London and one day will want to be posted back. However, in the meantime, moving around is part of the job and it's fun. You can get a lot out of living abroad. One place I would love to live one day is New York."

Kate and Ron Dewhurst:

have two children aged six and four. He works for JP Morgan. They started life in Australia, from where they came, and have since been posted to New York twice, Melbourne, Hong Kong and London, where they are now.

Kate Dewhurst says: "In New York we had a very different lifestyle based on apartment living. The children didn't have the freedom or space of other cities, but that was compensated for by all the wonderful places to take them. The beauty of New York is that you have this great, exciting city, but 40 minutes' drive takes you into beautiful countryside."

"We had two great years in Hong Kong. We lived on the south side - next door to the Rothschilds. For the children it was a life of sun and swimming and lots of fun

activities. They still talk about, though they were only four and two when we were there."

"The downside was that they got sick quite a lot, which seemed to be as a result of the pollution. It affected me too - I got asthma for the first time."

"Hong Kong is a place where you make friends quickly. There are plenty of other expats who remember what it was like to be the new person in town."

"In London we rent a house in Notting Hill. It's very cosmopolitan and I much prefer the sense of space of a house and garden, particularly for the children."

"The schools are good. I took my daughter six months to catch up here after being in Hong Kong. London suits us very well."

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This house may be of interest to those wishing to retire or live in The British Isles but without tax liabilities of mainland UK. The property is currently let by expatriate owners, who are living in Africa, who have changed their plans and now wish to sell the property. The asking price is UK£495,000 or, alternatively, they would consider a part exchange (with appropriate cash adjustment), with preference for a property in Malaysia.

Please contact exclusive agents, Martel Malles, 29 High Street, St. Peter Port, Guernsey, Channel Islands. Tel: +44 1481 715 465

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GREEK CIVILISATION

Unwind over some ouzo and octopus

When it comes to true traditional values, Gerald Cadogan reckons the Aegean isle of Spetses is everything Mykonos is not

Spetses is a gem of an Aegean island off the coast of the Peloponnese. It is close to Athens by boat, and a smart resort. Its 3,600 inhabitants trade, fish and farm, and look after Spetses' rich summer set who come for old-fashioned holidays without the razzmatazz of islands such as Mykonos.

Unwind with reading, swimming and talking over octopus and ouzo. Cars are banned so Spetsiotis and visitors walk, take a carriage or ride donkeys or scooters. Many traditional houses survive and the hills are rich in pine trees - which gave the island its ancient name of Pitoussa (Pine Island).

That is also the name (now Pitoussa) chosen by 3D Development and architect Demetri Porphyrios for a new holiday complex of rare sophistication on the edge of Spetses town.

I took the Flying Dolphin hydrofoil from Zea in the Piraeus, a bay that was the trireme base of classical Athens, passing Spetsopoula (or baby Spetses), the private island of the late shipping tycoon, Stavros Niarchos. It was lucky the sea was calm, regular passengers emphasised, and we arrived in about two hours.

The alternatives are a slow boat from the main harbour at the Piraeus, or a long drive past Corinth and Epidaurus to Costa, where one leaves the car and takes a speedboat water taxi. (Residents can get special one-day permission to take a car over to unload at the start of their stay, and at the end to carry things back again.)

The carriage passed Palioimani (the town's old harbour) and stopped a little beyond, on the isthmus between it and Gargafas (Carnation) Bay where Spetses town runs out into



Rare sophisticated Pitoussa

an olive grove.

Here is the Pitoussa development - like no other I have seen in the Mediterranean. There is not a smidgeon of anything tacky, cheap or shoddy, and not a golf course in sight.

Porphyrios has designed a small village of 34 free-standing houses - no town houses, and no flats - in traditional, neo-classical (19th century) style. As befits a village, they centre on a square. There is space to build about 30 more houses.

Porphyrios's houses display a simple austerity that takes the heat out of the Mediterranean summer (where upholstered comfort only adds to the sense of being too hot). By following such tried devices as double-height, hall-like sitting rooms, and having windows on up to three sides of a room to allow for a through-draught, they do not need air conditioning. Shutters on the windows keep out the glare of the sun, and tiled roofs reflect heat better than modern Greece's ubiquitous concrete.

Porphyrios used old tiles that have been cleaned, and has added stylish hand-made chimneys that would grace any Nash villa in Regent's Park. Ceilings are of wood, a

luxury detail that also continues the Spetsiot way of building since the builders used to double as boatwrights, and the wooden floors are painted a cool grey (as one finds also in old houses in maritime Massachusetts where, similarly, boat builders were also house builders).

Pergolas will make further shaded living space outside, once the vines have grown, and the basements in the houses could become extra places to sleep.

Pitoussa shows an imaginative attention to detail and to the hard slog of getting the builders to carry out unfamiliar instructions to the letter - its success here is due to having Albertina Germanakos at the site, to keep an eye on the work and translate architects' commands from London into Greek in Spetses.

The houses stand on terraces among olives in walled gardens, with high fieldstone walls capped with a longitudinal ridge (a Spetsiot custom). The streets are designed for pedestrians - or donkeys since they do not have to take cars - and lined with shrubs, and the telephone and electricity lines are, unusually, underground. From the square, it is a

short walk through the olives for a bath and, when you look up, the hills behind are thick with olive and cypress trees.

Prices range between Dr70m and Dr134m (£180,000-£330,000). Buyers paying in sterling will benefit from its 20 per cent revaluation against the drachma since last September. (It now buys around Dr440, and the US dollar around Dr275.)

Buyers will also have to pay a transfer tax of 9 per cent on the first Dr4m, and 11 per cent thereafter, as well as the lawyers' fees. The houses are sold freehold. There is no service or management charge.

Owners make their own arrangements for having them aired and cleaned when they are away, and pay local taxes for rubbish collection, since Pitoussa is part of the town of Spetses. Pitoussa is a civilised scheme for civilised clients, that does rather more than just respect its Greek island environment in its awareness of the natural surroundings and of the society and life of Spetses. By its quiet sophistication it actually enhances them.

It has just won a MIPIM (Marché International des Professionnels de l'Immobilier) award for architecture in the environment, one of three winners out of 7,000 submissions from 55 countries.

How do Pitoussa owners reach Spetses? By Flying Dolphin, or water taxi, as I did on my previous visit. Or in their own yacht.

For the super-rich, there is an alternative. Buy a whole island, 800 metres from Spetsopoula for Dr25m from Halcyn Properties. On top of that add the cost of building, bringing in water and electricity through pipes and cables under the sea, and building a jetty.



Hard to beat: Inchnery House



Wine and olive oil: Villa Castagnoli



Gascony farmhouse with pool



Old village school house in Gascony

On the Move / Gerald Cadogan

Some mid-summer madness

The summer sales are on, and where is the biggest price cut? In property. Aubrey House, probably the most expensive house on the London market, has been reduced by £5m. Set at £25m when it came to market in May last year, it is now available for £20m from Knight Frank (0171-938 4311) - which shows there has been at least one big exception to the bull market in housing.

Perhaps now it will sell. It is an attractive property, with an 18th century house set in a large garden at the top of Campden Hill, W8, next to Holland Park. It has masses of rooms, and an annex of a terrace designed by Raymond Erith in the 1860s with three separate houses.

Meanwhile, at the end of

June, the idea of a second home in Chianti is not cheap, but they are not cheap. Two small Tuscan estates for sale are Villa Castagnoli and Corno. Both offer their own wine and olive oil, but Corno's oil is a serious business. Present production is 2,200 litres of extra virgin oil, obtainable in London at Harvey Nichols. The house at Corno (15km from Siena) has nine bedrooms, with two more in a guest cottage, and sits above the junction of two streams. The price is £1.45m.

Castagnoli has grown up around a medieval walled tower, half way between those old rivals, Siena and Florence. It has five bedrooms, a one-bedroom guest cottage and a three-bedroom staff cottage, and a croquet lawn which doubles as a belpad. The asking price is

around £2m. The agents are Chianti Estates (0039-577 731120) and KF (0171-629 8171).

Much cheaper and simpler is a house on the east side of Italy in the Marche, near the medieval hill town of Gualdo, which is available privately for £96,000 (call 01380-813322). It has three bedrooms, an outbuilding that was once a medieval chapel, terrific views, and oaks, figs and cherries on one hectare of land. Dating from the 1930s, Casa San Stefano used to be the priest's house for the chapel.

South-west France is an attractive holiday alternative, where houses are good value, and easy to reach from Toulouse airport. Those on the books of Ian Purslow's agency, called Purslow's Gascony

(0035-6267 6150) and based in a chateau at Mirande 28km from Auch, range from a manor house in 12 hectares with three guest cottages at £620,000, to a farmhouse with pool at £178,000, and an old village school house, with a large gravelled terrace, for £83,000.

For a holiday property on the Solent in England it is hard to beat Inchnery House at the mouth of the Beaulieu river, with grand views across the sea to the Isle of Wight.

The house dates back to the 18th century. In the early 20th century the owner was a Rothschild, which might help explain a price of £2m from KF or Savills (0171-499 8644). Happy holidays, whether it is France, Hampshire or Italy.

FRANCE

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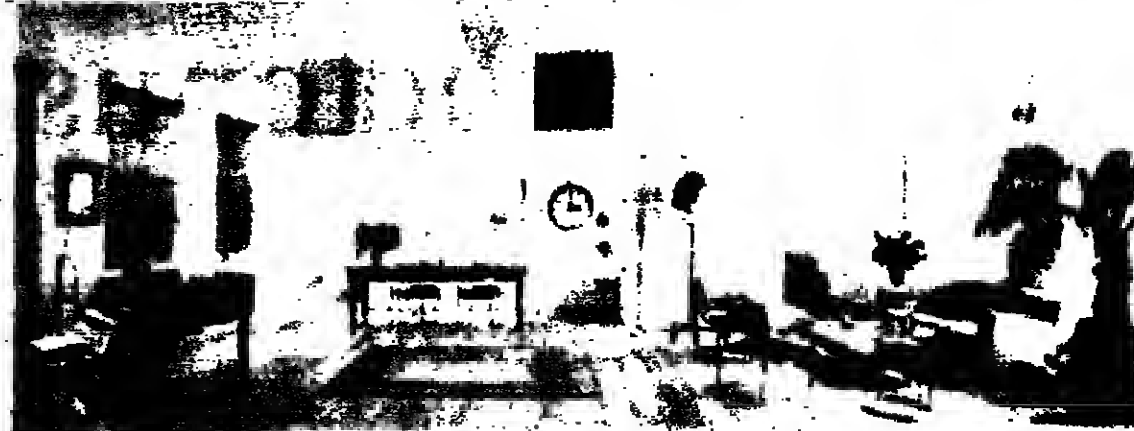
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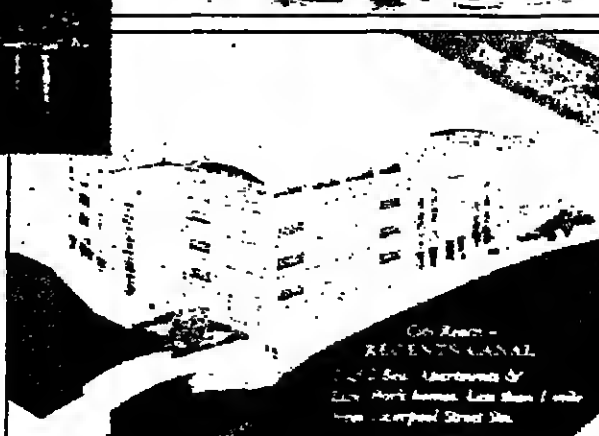
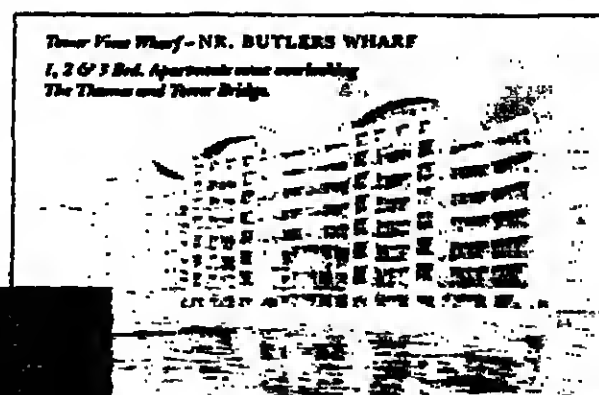


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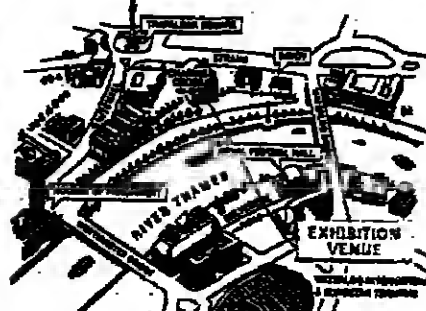
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